

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

PERMANENT SUSPENSION OF DUTIES ON COARSE WOOLS



HEARING BEFORE THE COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 9322

A BILL TO MAKE PERMANENT THE EXISTING SUSPENSION
OF DUTIES ON CERTAIN COARSE WOOLS

FEBRUARY 29, 1960

Printed for the use of the Committee on Ways and Means



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1960

COMMITTEE ON WAYS AND MEANS

WILBUR D. MILLS, Arkansas, *Chairman*

AIME J. FORAND, Rhode Island

CECIL R. KING, California

THOMAS J. O'BRIEN, Illinois

HALE BOGGS, Louisiana

EUGENE J. KEOGH, New York

BURR P. HARRISON, Virginia

FRANK M. KARSTEN, Missouri

A. S. HERLONG, JR., Florida

FRANK IKARD, Texas

THADDEUS M. MACHROWICZ, Michigan

JAMES B. FRAZIER, JR., Tennessee

WILLIAM J. GREEN, JR., Pennsylvania

JOHN C. WATTS, Kentucky

LEE METCALF, Montana

RICHARD M. SIMPSON,¹ Pennsylvania

NOAH M. MASON, Illinois

JOHN W. BYRNES, Wisconsin

HOWARD H. BAKER, Tennessee

THOMAS B. CURTIS, Missouri

VICTOR A. KNOX, Michigan

JAMES B. UTT, California

JACKSON E. BETTS, Ohio

BRUCE ALGER, Texas

ALBERT H. BOSCH, New York

JOHN A. LAFORE, JR.,² Pennsylvania

LEO H. IRWIN, *Chief Counsel*

JOHN M. MARTIN, JR., *Assistant Chief Counsel*

THOMAS A. MARTIN, *Minority Counsel*

GERARD M. BRANNON, *Professional Staff*

RAYMOND F. CONKLING, *Professional Staff*

¹ Died January 7, 1960.

² Appointed January 18, 1960.

CONTENTS

Page

Press release dated February 8, 1960, announcing public hearings on H.R. 9322, a bill to make permanent the existing suspension of duties on carpet wool.....	1
H.R. 9322, a bill to make permanent the existing suspension of duties on certain coarse wool.....	2

STATEMENTS

Agriculture, Department of, W. E. Tyler, Chief, Standardization Branch, Livestock Division, AMS.....	27
American Carpet Institute, Inc., Paul M. Jones, president.....	5, 13
Anderson, Hon. LeRoy H., a Representative in Congress from the State of Montana.....	4
Boston Wool Trade Association, J. A. Crowder, counsel.....	15
Crowder, J. A., counsel, Boston Wool Trade Association, and Philadelphia Wool & Textile Association.....	15
Fisher, Hon. O. C., a Representative in Congress from the State of Texas..	3
Higman, W. E., Chief, Division of Classification and Drawbacks, Bureau of Customs, Department of the Treasury.....	26
Jones, Paul M., president, American Carpet Institute, Inc.....	5, 13
Lee, Raymond J., president, Lockport Felt Co., for Papermakers' Felt Association.....	14
Marsh, Edwin E., executive secretary, National Wool Growers Association..	9
Miller, Hon. William E., a Representative in Congress from the State of New York.....	14
National Wool Growers Association, Edwin E. Marsh, executive secretary..	9
Papermakers' Felt Association, Raymond J. Lee, president, Lockport Felt Co.....	14
Philadelphia Wool & Textile Association, J. A. Crowder, counsel.....	15
Treasury, Department of the, W. E. Higman, chief, Division of Classification and Drawbacks, Bureau of Customs.....	26
Tyler, W. E., Chief, Standardization Branch, Livestock Division, AMS, Department of Agriculture.....	27

ADDITIONAL MATERIAL FURNISHED FOR THE RECORD

Agriculture, Department of, comments on H.R. 9322:	
Letter dated January 22, 1960.....	19
Letter dated February 29, 1960.....	20
Anderson, Hon. Clinton P., a Senator in Congress from the State of New Mexico:	
Letter dated February 29, 1960, with letter from W. E. Overton, president, New Mexico Wool Growers, Inc., objecting to enactment of H.R. 9322.....	29
Letter dated February 29, 1960, with telegram from Paul Jones, chairman, Navajo Tribal Council, objecting to enactment of H.R. 9322..	12
Brooks, Derek, director of Government affairs, National Retail Furniture Association, letter dated February 26, 1960, favoring enactment of H.R. 9322.....	30
Commerce, Department of, comments on H.R. 9322:	
Letter dated January 25, 1960.....	21
Letter dated February 25, 1960.....	22
Letter dated March 1, 1960.....	22
Labor, Department of, comments on H.R. 9322:	
Letter dated January 23, 1960.....	22
Letter dated March 18, 1960.....	23

Marsh, Edwin E., executive secretary, National Wool Growers Association, resolution adopted by 95th annual convention-----	Page 9
National Retail Furniture Association, Derek Brooks, director of Government affairs, letter dated February 26, 1960, favoring enactment of H.R. 9322-----	30
National Wool Growers Association, Edwin E. Marsh, executive secretary, resolution adopted by 95th annual convention-----	9
State, Department of, comments on H.R. 9322:	
Letter dated January 22, 1960-----	16
Letter dated February 25, 1960-----	16
Letter dated February 29, 1960-----	17
Treasury, Department of, comments on H.R. 9322:	
Letter dated January 22, 1960-----	18
Letter dated February 26, 1960-----	18
Letter dated March 1, 1960-----	18
U.S. Tariff Commission, comments on H.R. 9322:	
Letter dated February 26, 1960-----	24
Memorandum dated January 18, 1960-----	24

PERMANENT SUSPENSION OF DUTIES ON CERTAIN COARSE WOOLS

MONDAY, FEBRUARY 29, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D.C.

The committee met at 10 a.m., pursuant to notice, in the committee room, New House Office Building, Hon. Wilbur D. Mills (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

The purpose of this hearing is to receive testimony from interested parties on H.R. 9322, a bill introduced by our colleague on the committee, the Honorable Burr P. Harrison.

The purpose of the bill is to make permanent the existing suspension of import duties on certain coarse wool for use in making carpets.

At this point, without objection, will be placed my press release dated February 8, 1960, and H.R. 9322.

(Matter referred to follows:)

HON. WILBUR D. MILLS, DEMOCRAT, OF ARKANSAS, CHAIRMAN, COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, ANNOUNCES PUBLIC HEARINGS ON H.R. 9322, A BILL TO MAKE PERMANENT THE EXISTING SUSPENSION OF DUTIES ON CARPET WOOL

Chairman Wilbur D. Mills, Democrat, of Arkansas, Committee on Ways and Means, House of Representatives, today announced that the Committee on Ways and Means would conduct a public hearing on the morning of Monday, February 29, 1960, on H.R. 9322, a bill introduced by the Honorable Burr P. Harrison. This bill would make permanent the existing suspension of import duties on certain coarse wool used principally in making carpets. It will be recalled that Public Law 85-418, approved May 19, 1958, suspended for a period of 2 years the import duties on these wools. In the absence of further legislation this suspension will terminate at the close of June 30, 1960.

It will also be recalled that during its consideration of the bill, which became Public Law 85-418, the Senate Finance Committee requested the U.S. Tariff Commission to make a study of the grades and qualities of wool imported into the United States which are used in the manufacture of carpets and of papermakers' felts and of domestic wools which are similar in grade and character. The Tariff Commission, in accordance with that directive, conducted an investigation under section 332 of the Tariff Act of 1930, and submitted its report entitled "Wools for Carpets and Papermakers' Felt," in September of 1959.

Chairman Mills stated that in view of the heavy legislative agenda of the Committee on Ways and Means it would be necessary to complete this hearing on the morning of February 29.

It is essential that persons who may be interested in appearing and testifying should submit their requests to Mr. Leo H. Irwin, chief counsel, Committee on Ways and Means, 1102 New House Office Building, Washington, D.C., as soon as possible and in any event not later than Monday, February 22, 1960.

The chairman emphasized that the Committee on Ways and Means all too often receives repetitious testimony on subjects being heard by the committee. It will

be necessary that all persons and groups with similar interests designate one spokesman to represent them in view of the limited time for this hearing. The committee much prefers that the interested groups do this rather than place the burden on the staff and the committee. The time allotted each witness will be determined by the number of witnesses requesting to be heard.

It is essential that all persons requesting to appear and testify indicate—

- (1) The general tenor of their testimony;
- (2) The amount of time required for their direct testimony; and
- (3) The name of the witness who will present the oral testimony for the organizations, groups, or persons with similar interests, and a listing of groups, etc., represented;

in order for the staff to allot time and to properly arrange a schedule of witnesses for the hearings.

All persons who desire to do so may submit a written statement in lieu of a personal appearance. Such statements will be considered by the committee and also printed in the record of the hearings. It is requested that persons who submit such statements in lieu of a personal appearance do so by not later than the close of business February 29, 1960. A minimum of three copies of such statements should be submitted.

In accordance with the rules of the committee, persons who are scheduled to be heard are requested to submit 40 copies of their prepared statement to the chief counsel 24 hours in advance of their scheduled appearance. If a witness desires to also make available copies of his statement to the press and interested public, at least an additional 40 copies should be submitted for this purpose by the date of his appearance.

Persons who submit a written statement for the record in lieu of an appearance may also provide additional copies of such statement if they desire it to be made available to the press and the public.

[H.R. 9322, 86th Cong., 2d sess.]

A BILL To make permanent the existing suspension of duties on certain coarse wool.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to provide for the temporary suspension of the import duties on certain coarse wool, and to provide additional time for the Tariff Commission to review the customs tariff schedules", approved May 19, 1958 (Public Law 85-418; 72 Stat. 120), is amended by striking out "during the period beginning on the sixtieth day after the date of the enactment of this Act and ending at the close of June 30, 1960" and inserting in lieu thereof "on or after the sixtieth day after the date of the enactment of this Act".

The CHAIRMAN. Our first witness this morning is our colleague from Texas, the Honorable Clark Fisher.

Mr. Fisher, we are pleased to have you with us this morning, sir.

Before you begin, let me yield to Mr. Harrison momentarily.

Mr. HARRISON. Mr. Chairman, when the committee goes into executive session, it is my understanding that our colleague, Mr. Byrnes, will offer an amendment to this bill to include the paper-makers' felt industry on the same basis as the carpet industry, and I will offer an amendment to authorize the Secretary of Agriculture to promulgate official standards for the grading of wool.

I have been assured by the representatives of the Department of Agriculture, and I understand the other departments concur, that prior to promulgation of new and different standards all interested parties will be given due notice and full opportunity for consultation to present their views in advance of any determination.

I just thought it would be well for the witnesses, as they appear, to comment on the amendments to be suggested.

Also I would like to know whether or not any of the departments have any objections to those amendments while the interested wit-

nesses are here, and the chairman of this committee has asked the departments to comment on these various proposals.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Fisher, you are recognized, sir, and we are pleased to have you with us.

STATEMENT OF HON. O. C. FISHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. FISHER. Thank you, Mr. Chairman.

The pending bill would extend the temporary suspension of duties on wools not finer than 46s for use in carpets or any other floor covering. It is my understanding that most of those who are interested in the various aspects of this legislation have agreed not to oppose its passage provided certain amendments are adopted, amendments which the gentleman from Virginia has just referred to.

One of those proposed amendments would permit modernizing of the method of determining the grade of wool for tariff purposes. The present Tariff Act requires the customs services to use the official standards of the United States in making these determinations. I am referring to standards established by the Secretary of Agriculture on June 18, 1926. Under these standards the decision as to the fineness of the imported wools is based entirely upon visual appearance. But it is my understanding that since the Tariff Act of 1930 was enacted great progress has been registered in determining grades of wool by "micron analysis".

It is my further understanding that as a result of exhaustive studies by the U.S. Tariff Commission, that Commission looks with favor upon this improved technique of micron analysis.

It is also true, as shown by the Department of Agriculture's report to this committee, that that Department recommends the "micron analysis" technique in determining the grades of wool that are imported.

It is very evident, from all dependable sources of tests and information, that the micron test is an improved one and is more dependable and more accurate. The American woolgrowers feel very strongly that the best and most accurate method available should be employed.

Furthermore, even though the issue is not before the committee at the moment, and will not be, as I understand, during the course of this hearing, I should like to call attention to the fact that the so-called "name wools" should be eliminated from present duty exemptions. There is no excuse or justification for it, and I think that is generally admitted. It is all covered by the Harrison bill. Because of certain treaty provisions that relate to this subject, I am informed it is not feasible at this time to delete the "name wools" from the law. I do want the record to reflect the growers' views on this subject. It is hoped that in the near future it may be found appropriate to amend the law in that respect.

Mr. Chairman, subject to the foregoing observations, I register no opposition to the enactment of the pending bill.

The CHAIRMAN. Mr. Fisher, we thank you, sir, for coming to the committee and giving us the benefit of your views.

We recognize that your district is one of the very large wool-producing areas of the United States.

We appreciate your coming here.

Mr. FISHER. Thank you.

Mr. HARRISON. Thank you, sir.

The CHAIRMAN. Our next witness is our colleague from Montana, the Honorable LeRoy H. Anderson.

Mr. Anderson, we are pleased to have you with us this morning and you are recognized.

**STATEMENT OF HON. LeROY H. ANDERSON, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MONTANA**

Mr. ANDERSON. Thank you, Mr. Chairman, for the privilege of appearing before this committee this morning.

Mr. Chairman, I am LeRoy Anderson, Representative from the eastern district of Montana. My congressional district is the second largest wool-producing district in the United States, second only to that of my friend and colleague, Congressman Clark Fisher of Texas, who has just testified.

Since Congressman Harrison introduced his bill, H.R. 9322, to make permanent the existing suspension of duties on certain coarse wool, I have conferred at length with my Montana Wool Growers and the National Wool Growers Association, and the proposed amendment to this bill, reference to which has already been made, is a result of those conferences, among others. As you have been previously advised, the woolgrowers, including those in my congressional district, have no objection to the passage of the measure to make permanent suspension of duties on certain coarse wools, providing the amendment is included which would give the Secretary of Agriculture authority to propose and promulgate new standards for use in the grading of imported wool by the Bureau of Customs. I believe that the request of the domestic woolgrowers that the Customs Bureau use Government-set standards for grading wool, including the most modern and scientific methods of measurements, is reasonable. Certainly, improvements in grading methods have been made since 1928, and in order to protect our domestic wool growers, the most modern methods available should be used.

If this committee sees fit to add this amendment to Mr. Harrison's bill, H.R. 9322, it is respectfully suggested that there be included in the committee's report what has been done in the development of new grading methods.

I understand that some difficulty has arisen in using the visual method of distinguishing between grades of wool. The U.S. Tariff Commission recognizes this in its September 1959 report on "Investigation No. 34 Under Section 332 of the Tariff Act of 1930." It stated:

It appears that through mieron analysis distinction can readily be made between unimproved and improved wools. There appears to be little doubt that a system of mieron grading could be used for customs purposes to differentiate among grades of improved coarse wools.

The Tariff Commission further states that—

any system of grades based on average diameter of fiber as determined through mieron analysis would necessarily result in some changes in grade from the grade determined by the present visual method.

This gets to the heart of the problem that for many years has given our woolgrowers serious concern.

I believe that the Department of Agriculture should be urged to propose new standards within a reasonable period of time, since it is recognized that, using the visual method of grading, a considerable quantity of wool of this type is coming into this country incorrectly graded.

I want to make it clear that growers are not criticizing the administration of the tariff act with respect to wool. They recognize that the difficulty arises from the inherent nature of the wool fiber and the lack of a precise method of determining the grades of wool for duty purposes.

I believe that including the amendment to enable the Secretary of Agriculture to set new standards of wool grading, which would result in more modern methods being used, would give the proper protection to the domestic woolgrowing industry. I urge the committee to adopt this amendment, and to include in its deliberations the findings made by the Denver Wool Laboratory for the Tariff Commission in its investigation No. 34 under section 332 of the Tariff Act, to which I previously referred. My support of the amendment is based upon reasonable assurances that modern standards, along the lines suggested by the Denver Wool Laboratory, will be adopted by the Department of Agriculture to protect our domestic will industry at the earliest practicable date. As an example of the type of modernized standards I have in mind, I suggest ones similar to those proposed by the U.S. Department of Agriculture published in the Federal Register of March 29, 1955. It is my understanding these standards were not acceptable because the wool trade, at that time, objected. It is difficult to understand objections to such specific standards, when they are simply a scientific method of accurately gaging the content of a product, instead of visually estimating it. Use of such a scientific method would properly protect our domestic woolgrowing industry.

Thank you, Mr. Chairman.

I would be glad to answer any questions.

The CHAIRMAN. Thank you, Mr. Anderson. We appreciate your coming to the committee.

Are there any questions?

Thank you, sir.

We next have Mr. Jones, accompanied by Mr. Clapp. For the purposes of this record, Mr. Jones, will you please identify yourself by giving us your name, address, and capacity in which you appear?

STATEMENT OF PAUL M. JONES, PRESIDENT, AMERICAN CARPET INSTITUTE, INC.; ACCOMPANIED BY ROBERT H. CLAPP, CHAIRMAN, FIBER COMMITTEE, AND WILLIAM A. REYNOLDS, ECONOMIST, AMERICAN CARPET INSTITUTE, INC.

Mr. JONES. Mr. Chairman, my name is Paul M. Jones. I am president of the American Carpet Institute, with headquarters at 350 Fifth Avenue, New York City.

I have with me, Robert H. Clapp, who is secretary of the Roxbury Carpet Co., and chairman of the fiber committee of the American Carpet Institute, and Mr. William A. Reynolds, who is the institute's

economist and statistician. They are here in the event there are questions you gentlemen may have.

The CHAIRMAN. You may be seated, if you desire.

Mr. JONES. Thank you, sir.

The CHAIRMAN. You are recognized, sir.

Mr. JONES. For purposes of conserving the time of the committee and with your permission, I would like to file for the record my written statement, which has been delivered to the committee, and read only a portion of that which I believe will spell out some of the areas which Mr. Harrison has referred to previously.

The subject of this hearing, H.R. 9322, would make permanent the provisions of Public Law 85-418 which provide for the suspension of duty on imported wools in grades 44s and 46s with a 10-percent tolerance of 48s, provided such wools are used in the manufacture of carpets and rugs. I am appearing here today to urge enactment of this legislation.

Public Law 85-418 became effective July 18, 1958, and expires June 30 of this year. Concurrent with Senate passage of the legislation, the Senate Finance Committee directed the Tariff Commission to conduct an investigation—under section 332 of the Tariff Act of 1930—of the grades and qualities of wool imported into the United States for use in the manufacture of both carpets and papermakers' felts, and of domestic wools which are similar in grade and character. This study was duly carried out by the Commission with the cooperation and assistance of certain executive departments of the Government. The report was submitted to the Committee on Finance in September 1959.

I would like to state that it is my opinion, as well as the opinion of everyone in our industry, that the Tariff Commission did an outstanding job in conducting this study and in formulating its report. As we read this thorough report, it bears out the contentions of the carpet industry that the entry of duty-free wools, under Public Law 85-418, has not adversely affected the domestic wool producers, or in fact, any other domestic industry.

The industry's case in requesting permanent suspension of these duties is a simple one—suspension is an absolute necessity if the domestic manufacturers are to continue to have wool available to them to meet the growing desires of the American public for wool floor covering.

U.S. CARPET WOOL CONSUMPTION

A brief review of our use of wool in recent years clearly indicates our need. In 1957 our industry used 128 million clean pounds of wool. In 1958 our consumption amounted to 119 million clean pounds. In 1959, which is the first full year the benefits of the suspension of duties became available to us, our use of wool grew to 165 million clean pounds, while our imports during the same period rose to 192 million clean pounds. Wool accounted for approximately 58 percent of the total fibers used by the industry in 1959.

There are important reasons for this. First, consumer demand for wool floor coverings remain strong. Second, the use of wool in tufted carpets sharply increased. Third, we had available to the industry on world markets approximately 216 million additional clean pounds of wool which were not available to us prior to the passage of Public

Law 85-418. The Tariff Commission study showed that wools 40 and below, including the name wools available to the American carpet manufacturing industry prior to the suspension of duties on 44s and 46s, amounted to approximately 195 million pounds. This meant that our industry would have had to get our wool out of this total supply in the face of competition from all other carpet-producing countries.

WORLD WOOL SUPPLIES

This 195 million clean pounds is the net amount of wool available on world markets out of a total production estimated at approximately 360 million clean pounds. The difference between production and availability on world markets is the result of domestic consumption in the various producing countries. As the Tariff Commission points out, and I quote from page 64 of the report:

In Asiatic countries, much of the wool produced is consumed in or near the producing areas in carpets, clothing, mattresses, and so forth. In industrial countries, such as the United Kingdom, where the entire production enters commercial channels, much of it is absorbed by domestic industry. The quantity of coarse wool entering international trade, therefore, is much less than the quantity produced.

These figures do not include production in China and Tibet and other countries in the Soviet orbit which are, of course, not available to us.

However, this picture was changed by the passage of Public Law 85-418 because, to quote the Commission:

of the coarse improved wool not finer than 46s produced, the major part enters international trade.

The American carpet industry is now able to compete for its share of a total world availability of approximately 400 million clean pounds instead of 195 million.

U.S. CARPET INDUSTRY NEEDS GROWING

Another reason why the passage of this legislation is of paramount importance to our industry is the ever-growing need for raw material to meet the increased demand for the products of the industry. There has been a steady increase in the amount of yardage consumed by the American public over the last several years; 1958 set an all-time yardage high at 122 million square yards. This record became obsolete in 1959, when the industry shipped slightly in excess of 150 million square yards. Even if we do no more than hold our current per family consumption, it is obvious that the total demand for carpet will increase in the near future due to population growth alone. We therefore expect our total fiber requirements to increase each year, and the demands of our industry for wool will increase correspondingly.

FOREIGN COMPETITION USES WOOL

Concurrent with the growth of the American industry, carpet production in other countries is also increasing. Some foreign carpet-producing countries largely meet the demands of their domestic markets while others are chiefly exporters. This is particularly true in the case of Belgium and Japan. Machine-made wool-carpet im-

ports into the United States during 1959 added 7 million square yards to the total wool carpet consumed in the American market.

I would like to remind the committee of two important aspects of this situation:

(1) The demand for wool by foreign producers is estimated by the Commission to amount to 100 million clean pounds, and this demand is expected to increase substantially in the next few years.

(2) It is essential that our industry be permitted to continue to compete for available wools of 44 and 46 grades and not be limited to 40s and below. If we are denied the 44s to 46s, it becomes obvious that foreign producers, who have duty-free privileges for wool procurement without restrictions as to grade, will be able to preempt the American market to the extent that the American industry is unable to meet the public demand for wool carpets and rugs.

NEEDS SUMMARIZED

Our reasons for wanting the passage of H.R. 9322 can be summarized very briefly:

(1) Free-world availability of unimproved wools and improved wools not finer than 40s has been found to amount to not more than an estimated 195 million clean pounds.

(2) Our imports last year amounted to 192 million clean pounds, which means we could have taken all of the available wools in this category, an obvious impossibility in view of worldwide demands.

(3) Public Law 85-418 added another 200 million clean pounds available to us and enabled us to increase our use of wool in floor coverings.

(4) Without this legislation we would not have been able to meet the requirements of the American consumer for wool carpets and rugs. This would place us at a very serious disadvantage with foreign carpet manufacturers, who have no such restrictions on their raw material supplies.

I am glad to be able to state here today my understanding that all the major points of controversy with regard to H.R. 9322 have been eliminated and that the groups which are primarily concerned with this matter have reached agreement. These groups are the domestic carpet industry, the domestic wool producers, the domestic papermakers felt industry, and the domestic wool trades.

I do not speak for them—that would be presumptuous in view of their presence—but I will state the outlines of the agreement as I understand it:

The papermakers' felt industry wishes to have the privilege of using imported wools, through 46s, duty free, as the carpet industry has that privilege today. The carpet industry has no objection to the inclusion of wools for papermakers' felt use in the pending measure. Nor is there objection on the part of other groups, insofar as I know.

Representatives of the woolgrowers wish to have included in H.R. 9322 authority for the Secretary of Agriculture to propose new standards for use in the grading of imported wools by customs. Any new standards under this authority would become effective only after all interested parties have an opportunity to be heard in accordance with the procedures now prescribed by law. The carpet industry has no

objection to the inclusion of such an amendment in this proposed legislation.

We are told also that all the interested groups—the producers, the wool trades, the papermakers' felt industry—take the view that H.R. 9322 should become permanent legislation.

I wish to thank the committee for the privilege of appearing before you, and I, of course, will be glad to try to answer any questions you may have.

The CHAIRMAN. Mr. Jones, we thank you and those with you for coming to the committee and giving us the benefit of the views of the American Carpet Institute.

Are there any questions of Mr. Jones or of his colleagues?

Thank you, sir.

Our next witness is Mr. Edwin E. Marsh.

Mr. Marsh, for purposes of this record, will you please identify yourself by giving us your name, address, and capacity in which you appear.

STATEMENT OF EDWIN E. MARSH, EXECUTIVE SECRETARY, NATIONAL WOOL GROWERS ASSOCIATION, SALT LAKE CITY, UTAH

Mr. MARSH. My name is Edwin E. Marsh. I live in Salt Lake City, Utah, and I am executive secretary of the National Wool Growers Association.

The CHAIRMAN. You are recognized.

Mr. MARSH. Mr. Chairman, and members of the committee, this is a producer-service organization which for the past 94 years has been speaking for the growers of sheep, lambs, and wool in the United States. Our membership comprises most of the growers in the vast ranching areas of the United States, where approximately 70 percent of the U.S. production of shorn wool is grown.

At the 95th annual convention of the National Wool Growers Association in San Antonio, Tex., last month, the following resolution was adopted:

Upon the extension of the Tariff Act permitting duty-free entry of carpet wools not finer than 46s, the National Wool Growers Association recommends these provisions: That the so-called "name wools" be eliminated from the act and that paragraph 1101(c)(5) be amended to permit the Secretary of Agriculture to amend and modernize the standards for grades of wool established June 18, 1926.

We urge that authorization be granted to the Treasury Department to use the so-called micron test indicating the variation in distribution of fiber fineness in doubtful lots of wool imported under the duty-free provisions for carpet wool.

The National Wool Growers Association will not object to the passage of H.R. 9322, providing it is amended in accordance with the recommendations which we understand have been agreed upon by the industry groups concerned with this legislation; namely, the domestic wool growers, carpet industry, papermaker's felt industry, and the wool-trade associations.

The recommendation which the National Wool Growers Association wishes to make to this committee for amending the bill is one which would provide authority for the Secretary of Agriculture to propose and promulgate new and improved standards for the grading of imported wool by customs. This is the amendment to be offered,

Congressman. At present the Tariff Act of 1930 provides that the standards for use in the grading of imported wools by customs are those established by the Secretary of Agriculture on June 18, 1926. H.R. 9322 could be very simply amended to provide customs with improved and more accurate wool grade measurements as they are developed by the Department of Agriculture, rather than to continue indefinitely with the use of standards that are now 34 years old.

This could be done by providing in H.R. 9322 that paragraph 1101(c)(5) of the Tariff Act of 1930, as amended, be amended by the deletion of the words "June 18, 1926."

That paragraph now reads:

The official standards of the United States for grades of wool as established by the Secretary of Agriculture on June 18, 1926, pursuant to law, shall be the standards for determining the grade of wools.

We do know from the study made by the Tariff Commission during the period that the present duty exemption from certain grades of wool for carpets has been in effect, that visual grading of wool by customs inspectors is not always accurate. The Tariff Commission states in this September 1959 report on investigation No. 34 under section 332 of the Tariff Act of 1930—

Any system of grades based on average diameter of fiber through micron analysis would necessarily result in some changes in grade from the grade determined by the present visual method.

This gets to the heart of the problem that for many years has been of serious concern to members of our association. We have contended that certain imported wools have been admitted as "not finer than 40s" determined by the visual method, where actually they should have been classified in a higher grade and assessed a higher rate of duty. Research conducted during the Tariff Commission study shows this to be the case. Furthermore, this research shows that the same situation has existed with regard to wools classified by the visual method as "not finer than 44s" and "not finer than 46s."

These "borderline" wools visually classified as "not finer than 44s," or "not finer than 46s," are the ones of primary concern to our members. If these are to be admitted duty free, the domestic wool-growers want assurance, through development and use of more accurate measurement standards, that none of these wools are actually finer than 46s and therefore are not competing with wools grown in considerable volume in this country. If any such lots are finer than 46s, then a duty should be assessed on them.

The Tariff Commission report to which we have referred also states that even if a system of measuring wool fiber diameter by micron standards is adopted for determination of grade, it is likely that the vast majority of imports (75 to 90 percent of all entries) would continue to be graded by visual inspection of the wool in the bales and that micron analysis would be necessary only on borderline lots where the examiner was uncertain as to grade, or on lots where the importer protested the grade assigned by the examiner. The report states further that most of the unimproved wools and improved wools finer than 48s could be visually classified with no necessity for micron analysis.

In behalf of the National Wool Growers Association I would like to recommend to the House Committee on Ways and Means that this proposed amendment permitting modification of wool grade standards

for use by customs be added to the bill so that we can support it. I am advised that the other segments of the industry concerned with this bill will support this recommendation.

If the proposed amendment is added to the bill, the National Wool Growers Association will not object to the inclusion of an additional amendment which we understand will be proposed, to provide for exemption of import duties on the same grades of coarse wools for use in the manufacture of papermakers' felt as are now provided exemption for use in the manufacture of carpets.

Even though the National Wool Growers Association will not object to passage of H.R. 9322 if it is amended as outlined in this statement, I would like to say that we still have reservations about the adverse effect that this legislation could have on our industry in the future, especially with changes in consumption and market prices of wool. Some of our members still have rather strong feelings that this legislation is detrimental to the U.S. woolgrowers who produce our coarser grades. Even though the quantity of wool grown domestically in these coarser grades is small and produced by a few growers, nevertheless those few could be injured through enactment of this bill.

Furthermore, the resolution passed by our convention and quoted in this statement does recommend that the so-called "name wools" be eliminated from present duty exemptions.

The thinking behind this recommendation is that if exemptions are granted for duty-free entry of wools not finer than 46s for use in carpets and papermakers' felt, it is no longer proper to list the "name wools" for exemption of duty. Many of these wools would still be exempt by reason of grade. However, we feel that the customs inspectors should be required to examine every lot of wool entering this country. At present we understand many of the "name wools" are not even opened for examination as to the fineness of fiber. Each lot should be visually examined and, as pointed out, in 75 to 90 per cent of the cases, we feel that visual inspection will suffice because on most unimproved wools there is no problem in determining that they are definitely carpet-type wools.

Our recommendation is for the elimination of the "name wools" from present duty exemption and for assessment of duty or exemption to be decided on all lots on the basis of grade as determined by customs inspection under improved grade measurement standards. However, we do recognize that international relations at present would probably preclude elimination of the "name wools" from duty exemption in our Tariff Act. If the committee finds that this recommendation with regard to "name wools" cannot be made a part of this bill, we want to urge that consideration be given to such elimination whenever it is feasible to do so.

In summary, we will not object to passage of H.R. 9322, amended to include the same duty exemptions for wool imported for papermakers' felt as are now provided to importers of wool for carpet manufacture, and provided the bill is further amended as outlined in this statement, to enable the Secretary of Agriculture to modernize grade standards of wool for use by customs in determining assessment of duty.

We further urge that the Tariff Act be amended to provide for elimination of present duty exemptions on "name wools" and to provide for assessment of all-wool duties on the basis of customs inspection.

I might add, Mr. Paul Jones of the Carpet Institute stated that it is his understanding that all of the major points of controversy have been eliminated among the industry groups concerned with this bill. That is also my understanding.

Mr. Jones also stated that any new standards under this authority would become effective only after all interested parties have an opportunity to be heard in accordance with the procedures now prescribed by law. That is also my understanding.

The CHAIRMAN. Mr. Marsh, our friend from New Mexico, the junior Senator, Clinton P. Anderson, has forwarded me, with a letter, a telegram that he has received from the chairman of the Navajo Tribal Council, Mr. Paul Jones.

Let me read you this telegram and see whether or not, in your opinion, the adoption of the amendments that are being discussed would satisfy the concern that they have with respect to this bill:

Ninety percent of wool production on Navajo Reservation falls into coarse-wool classification. Since the carpet market is one of our few outlets for this wool our position on bill H.R. 9322 is negative. We feel the Navajos not only require import protection but also feel they are entitled to this protection. We appreciate your request for our comments.

(The letter from Senator Anderson follows:)

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON ATOMIC ENERGY,
February 29, 1960.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
Washington, D.C.

DEAR WILBUR: When I learned that the Committee on Ways and Means had scheduled a hearing for this morning on H.R. 9322, a bill to make permanent the existing suspension of duties on certain coarse wool, I requested the views of Mr. Paul Jones, chairman of the Navajo Tribal Council.

I am attaching a telegram from Mr. Jones which I would like the committee to consider. As you may be aware, the Navajo Indians produce most of the carpet wool in this country. Since this bill affects the market for Navajo wool, I thought you would be interested in having the opinion of the Navajo Tribal Council.

Sincerely yours,

CLINTON P. ANDERSON.

WINDOW ROCK, ARIZ., *February 26, 1960.*

HON. CLINTON P. ANDERSON,
U.S. Senate, Washington, D.C.:

Reurlet on hearing February 29, wool bill. Ninety percent of wool production on Navajo Reservation falls into coarse-wool classification. Since the carpet market is one of our few outlets for this wool, our position on bill H.R. 9322 is negative. We feel the Navajos not only require import protection but also feel they are entitled to this protection. We appreciate your request for our comments.

PAUL JONES,
Chairman, Navajo Tribal Council.

The CHAIRMAN. Would the adoption of this amendment insofar as you know eliminate this negative position on the part of this group, or would they still be opposed to the bill even with the amendment in it?

I am asking you because I thought maybe they had relayed to you also some expression of thought.

Mr. MARSH. No; they have not, Mr. Chairman. It is my understanding that most of these Navajo wools are woven into carpets. I am not familiar with that Navajo situation.

Perhaps someone from the carpet industry would be better qualified to answer that question.

I do not believe this particular amendment that we propose is related to that.

The CHAIRMAN. Apparently they are opposed to the bill because of the fact that this type of wool is taken out from under the duties, and this amendment perhaps would not satisfy their concern.

Mr. MARSH. I do not believe it would.

The CHAIRMAN. I thought maybe you could help me with respect to that.

Are there any further questions of Mr. Marsh?

Thank you, Mr. Marsh, for coming to the committee and giving us your views.

Mr. MARSH. Thank you.

The CHAIRMAN. Mr. Jones, perhaps you can help us on that question.

STATEMENT OF PAUL M. JONES, PRESIDENT, AMERICAN CARPET INSTITUTE—Resumed

Mr. JONES. With regard to the coarse wools grown by the Navajo Tribe, that question, as such, was gone into in some detail at the time the original consideration to this legislation was being given. I would also remind you that the Tariff Commission, in their study, has made a complete appraisal of the coarse wools grown, which would, of course, include, I assume, the Navajo production. The production in pounds is inconsequential.

Now, it is further my understanding that the coarse-wool production of the Navajos does go into carpets, but they go into carpets spun, woven, and dyed by the Navajos themselves. In other words, the whole operation takes place within the confines of the tribe and they are sold that way.

To the best of my knowledge, the domestic carpet industry, or any foreign carpet industry, has never bought a pound of Navajo wools for consumption in our own machine-made products.

The CHAIRMAN. It would be difficult for you to understand, then, how this legislation might adversely affect their position.

Mr. JONES. I can see no reason in the world why it would adversely affect their position at all. As a matter of fact, if they have those truly carpet types of wool available, I assure you the domestic industry would be glad to purchase any surplus which might accumulate.

The CHAIRMAN. Thank you, Mr. Jones.

If there is no objection, I would like to include Senator Anderson's letter and the telegram from Mr. Paul Jones at the point at which I first referred to them.

We are pleased to have with us this morning, our colleague from New York, the Honorable William Miller.

Mr. Miller, it is my understanding that you would like to present to the committee our next witnesses.

**STATEMENT OF HON. WILLIAM E. MILLER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. MILLER. Mr. Chairman, I am grateful for this opportunity of presenting to this committee, Mr. Richard J. Lee, who is president of the Lockport Felt Co., which is an industry in my district which has made great contribution to the economy of our area for a long, long time, in addition to which Mr. Lee happens to be a person who for over 25 years has been a close business associate and a very, very close personal friend of mine. I therefore, am pleased that you gave me the privilege this morning of presenting him to this committee, and he will speak on behalf of the Papermakers' Felt Association.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Miller, for introducing Mr. Lee to us, and, Mr. Lee, we appreciate having you with us today and you are recognized, sir.

**STATEMENT OF RAYMOND J. LEE, PRESIDENT, LOCKPORT FELT
CO., ON BEHALF OF PAPERMAKERS' FELT ASSOCIATION**

Mr. LEE. Thank you, Mr. Chairman. I want to thank the committee for the privilege of being able to appear this morning.

My name is Raymond J. Lee and I am appearing today on behalf of the Papermakers' Felt Association in support of an amendment to H.R. 9322.

I have heard Mr. Jones' testimony and I can say that I concur with it wholeheartedly.

THE PAPERMAKERS' FELT INDUSTRY

Papermakers' felts are woven woolen felts used in the manufacture of paper. The felts are made in the form of long woven belts. These belts carry thin layers of wet pulp from one part of a papermaking machine to another, transporting the pulp through successive series of rollers, which press water from the pulp to form paper. All papermaking machinery requires these woven woolen felts. No other material has been found which possesses the requisite combination of strength, porosity, and finish to be usable for the purpose. Papermakers' felts are custom made to precise specifications to fit particular machines and have a useful life of from 1 week to 3 months, depending upon the type of machine, the nature of the paper stock and the speed with which the particular machine is operated.

Papermakers' felts were first manufactured in the United States in 1854. The industry consists of 12 companies with plants located in 10 States, including Alabama, Connecticut, Maine, Massachusetts, Mississippi, New York, Ohio, Pennsylvania, South Carolina and Wisconsin.

WOOL IMPORTED BY THE INDUSTRY

The papermakers' felt industry uses certain coarse-grade wools, which must be imported from abroad since they are virtually unavailable in the United States. Some of these wools, 46s and under, are included among the grades covered by Public Law 85-410 and included in H.R. 9322. This fact was corroborated by the U.S. Tariff Commission in a study published in September 1959.

H.R. 9322 proposes to make permanent the wool tariff exemption heretofore granted only to carpetmakers.

The papermakers' felt industry, as the other principal importer of coarse wools, has not supported this legislation on previous occasions when the carpet-wool exemption was before the Congress. This year the various interested industries, including the carpetmakers, the American woolgrowers, the wool traders and the Papermakers' Felt Association have been able to resolve their respective differences. All the industries concerned have agreed to recommend that H.R. 9322 be amended to include the papermakers' felt industry. This amendment removes our concern. The papermakers' felt industry urges the committee to support the amendment proposed by the interested parties.

The papermakers' felt industry has no objection to the amendment to the bill which would authorize the Secretary of Agriculture, after appropriate administrative procedure, to modify existing wool standards.

With these amendments, we support H.R. 9322 and urge its passage. That is all I have to say, Mr. Chairman. Thank you again on behalf of our association for being able to appear this morning.

The CHAIRMAN. Did Mr. Orbison have any additional statement?

Mr. LEE. No, sir. He was going to appear with me.

The CHAIRMAN. All right.

Mr. Lee, we thank you, sir, for coming to the committee. We appreciate your bringing us the views of the Papermakers' Felt Association.

Any questions?

Mr. HARRISON. Mr. Lee, have you any language suitable for incorporation in the bill as an amendment that would include you?

Mr. LEE. I understand that Congressman Byrnes of Wisconsin has that amendment.

Mr. HARRISON. I understand that, but he is not here.

Mr. MASON. I wish to say that Mr. Byrnes has arranged for the language to be presented to us in executive session. Mr. Byrnes has notified all interested parties of his proposed amendment and has received their concurrence in it.

Mr. HARRISON. Thank you.

The CHAIRMAN. Thank you, Mr. Miller, for bringing Mr. Lee to us and thank you, Mr. Lee, for the information you have given us.

Mr. LEE. Thank you.

The CHAIRMAN. Our next witness is Mr. Richard I. Goodrich.

Mr. Goodrich, will you please identify yourself for the record by giving us your name, address, and capacity in which you appear?

STATEMENT OF J. A. CROWDER, COUNSEL FOR BOSTON WOOL TRADE ASSOCIATION AND PHILADELPHIA WOOL AND TEXTILE ASSOCIATION

Mr. CROWDER. Mr. Chairman, Mr. Goodrich is not here nor is your next scheduled witness, Mr. Horstmann.

My name is J. A. Crowder of the law offices of Clinton M. Hester of this city. We are Washington counsel for the Boston Wool Trade Association and the Philadelphia Wool & Textile Association which Mr. Richard and Mr. Horstmann head.

I am authorized to say that these associations as well as the New York Wool Trade Association endorse and concur in the testimony presented by the Carpet Institute through its president, Mr. Jones, this morning.

The CHAIRMAN. These groups are agreeable, then, to the amendments that have been discussed and the passage of the legislation as it would be amended?

Mr. CROWDER. That is correct.

The CHAIRMAN. Any further questions?

Thank you, sir, for coming to the committee.

Mr. CROWDER. Thank you.

The CHAIRMAN. You said Mr. Horstmann would not be here, either?

Mr. CROWDER. That is correct.

Mr. HARRISON. Mr. Chairman, I would like to ask that there be included in the record the supplementary statements of the various departments on this legislation.

The CHAIRMAN. All right.

Without objection, those supplemental statements will be included in the record, and I think in view of the fact that they are being included, perhaps the originals should also be included.

(The statements follow:)

DEPARTMENT OF STATE,
Washington, January 22, 1960.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives.

DEAR MR. CHAIRMAN: I refer to your letter of January 8, 1960, acknowledged by letter on January 12, requesting the views of the Department of State on H.R. 9322, to make permanent the existing suspension of duties on certain coarse wool, and to your letter of November 20, 1959, acknowledged on November 23, with which you enclosed an advanced draft of this bill.

This bill would amend Public Law 418 of the 85th Congress by striking out "during the period beginning on the sixtieth day after the date of enactment of this Act and ending at the close of June 30, 1960" and inserting in lieu thereof "on or after the sixtieth day after the date of the enactment of this Act", thus making permanent the suspension of duties on wools not finer than 46s for carpets and other specified uses with a tolerance of up to 10 percent of wools not finer than 48s.

The Department has examined H.R. 9322 from the standpoint of foreign economic policy objectives and recommends that it be enacted.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary
(For the Secretary of State).

DEPARTMENT OF STATE,
Washington, D.C., February 25, 1960.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives.

DEAR MR. CHAIRMAN: I refer to your letter of February 9, 1960, acknowledged on February 10, requesting the views of the Department of State on the Department of Agriculture's report on H.R. 9322, to make permanent the existing suspension of duties on certain coarse wool.

This bill would amend Public Law 418 of the 85th Congress by striking out "during the period beginning on the sixtieth day after the date of enactment of

this Act and ending at the close of June 30, 1960" and inserting in lieu thereof "on or after the sixtieth day after the date of enactment of this Act," thus making permanent the suspension of duties on wools not finer than 46s for carpets and other specified uses with a tolerance of up to 10 percent of wools not finer than 48s.

The Department of State's position on this bill was reported to the committee in my letter of January 22, 1960, which stated that the Department had examined H.R. 9322 from the standpoint of foreign economic policy objectives and recommends that it be enacted. The Department continues to support the enactment of an extension of the existing suspension of the duties on the coarse wools provided for in H.R. 9322.

Regarding the recommendation of the Department of Agriculture that H.R. 9322 be amended to provide that a system of so-called micron-analysis grading be instituted in lieu of the present method of visual sampling and grading, the Department of State understands that the micron-analysis method is intended solely to provide a more accurate differentiation between the various grades or fineness of imported wools. Concerning the recommendation that the bill be amended to provide that grades of wool shall be determined in accordance with whatever regulations may be set up by the Secretary of Agriculture pursuant to law, rather than in accordance with the regulations set up by him on January 18, 1926, which is the requirement at this time, the Department of State understands that such new regulations as may be established will not have the effect of reclassifying the coarse wools covered by the legislation so as to place the United States in violation of its international commitments with respect to the tariff treatment on such coarse wools. On the basis of these understandings, the Department of State has no comment on the amendments to H.R. 9322 recommended by the Department of Agriculture.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary
(For the Secretary of State).

DEPARTMENT OF STATE,
Washington, February 29, 1960.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives.

DEAR MR. CHAIRMAN: I refer to your letter of February 24, 1960, requesting a supplemental report by the Department of State on an additional proposed amendment to H.R. 9322, to make permanent the existing suspension of duties on certain coarse wool.

H.R. 9322 would amend Public Law 418 of the 85th Congress by making permanent the suspension of duties on wools not finer than 46s for carpets and other specified uses with a tolerance of up to 10 percent of wools not finer than 48s.

The Department's views on the earlier amendment, proposed by the Department of Agriculture in its report on the bill, to replace the existing method of grading imported wool by the so-called micron-analysis method were forwarded to the committee in my letter to you of February 25, 1960.

It is the Department's understanding that the additional proposed amendment to H.R. 9322 would, in effect, provide the same tariff treatment for wool which is imported for use by the papermaker felt industry as is now accorded wool imported for use by the carpet industry under Public Law 85-418, thereby suspending the duties on wools not finer than 46s for use in papermakers' felts with a tolerance of up to 10 percent of wools not finer than 48s.

The Department has examined this proposal from the standpoint of foreign economic policy objectives and has no objection to its enactment.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary
(For the Acting Secretary of State).

OFFICE OF THE SECRETARY OF THE TREASURY,
Washington, January 22, 1960.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 9322, to make permanent the existing suspension of duties on certain coarse wool, introduced by Mr. Harrison.

Public Law 85-418 amended paragraph 1101(b) of the Tariff Act of 1930, as amended (19 U.S.C. 1001, par. 1101(b)), which relates to the free entry of wool when used for certain purposes, to provide for the suspension of duties until the close of June 30, 1960, on all wools of whatever blood or origin not finer than 46s, and to provide that a tolerance of not more than 10 percent of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s. The draft bill would make the foregoing temporary legislation permanent.

The Department perceives no unusual administrative difficulties if the proposed legislation is enacted into law.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

(Signed) A. GILMORE FLUES,
Acting Secretary of the Treasury.

OFFICE OF THE SECRETARY OF THE TREASURY,
Washington, February 26, 1960.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: This refers to your request for the views of this Department on the recommendations of the Department of Agriculture as contained in its letter to your committee of January 22, 1960, that H.R. 9322 be amended to provide that grades of wool shall be determined in accordance with whatever regulations may be set up by the Secretary of Agriculture pursuant to law. The letter indicates that the Secretary may establish standards based on microns, and that the grades may be determined by micron analysis or he may establish other standards.

This Department assumes that the standards the Department of Agriculture would establish for the grading of wool if the law were enacted in the manner recommended would take into account matters of feasibility from the standpoint of customs administration and that the Secretary of Agriculture will consult with the Secretary of the Treasury prior to the issuance of regulations relating to such standards. On this assumption, the Department would have no objection to the recommendation of the Department of Agriculture.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

A. GILMORE FLUES,
Acting Secretary of the Treasury.

OFFICE OF THE SECRETARY OF THE TREASURY,
Washington, March 1, 1960.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.

MR. DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 9322, relating to the duties on certain coarse wool, if such bill were amended to provide the same treatment for wool imported for use by the papermaker felt industry as is now accorded wool imported for use by the carpet industry under the provisions of Public Law 85-418.

On the basis of any facts presently known to this Department, no unusual administrative difficulties are perceived if the proposed legislation were enacted into law.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

(Signed) A. GILMORE FLUES,
Acting Secretary of the Treasury.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., January 22, 1960.

HON. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives.*

DEAR CONGRESSMAN MILLS: This is in response to your request for a report on H.R. 9322, to make permanent the temporary suspension of the import duty on certain wool not finer than 46s.

The Department does not oppose enactment of the proposed bill providing that it is amended in two ways: (1) To extend for 3 years the temporary suspension of the import duty on certain wool not finer than 46s; and (2) to provide that grades of wool shall be determined in accordance with whatever regulations may be set up by the Secretary of Agriculture pursuant to law, rather than in accordance with the regulations set up by him on June 18, 1926, which is the requirement at this time.

In reporting on similar legislation in 1958, we called attention to the fact that the Tariff Commission, pursuant to section 332 of the Tariff Act of 1930, was to make an investigation of the grades and grading of wool being imported into the United States. A report based on that investigation has been made. It includes information concerning present methods of sampling and classifying imported wools for tariff purposes, plus recommendations for more effective methods of sampling and classifying these imported wools.

Under Public Law 85-418, wools not finer than 46s temporarily became free of duty on July 18, 1958, but this legislation terminates June 30, 1960. Although the Department has received no complaints of injury from the growers of wool resulting from the temporary suspension of this duty, the Department now believes that it would be desirable to have the benefit of an additional 3 years' experience with the temporary suspension of these duties before agreeing to the permanent suspension suggested in this proposed legislation.

With reference to the second amendment, the Department understands that some difficulty has arisen in using the visual method to distinguish clearly in all instances between the different grades (or fineness) of wools. The U.S. Tariff Commission in its September 1959 report on investigation No. 34 under section 332, reported that "it appears that through micron analysis distinction can readily be made between unimproved and improved wools. There appears to be little doubt that a system of micron grading could be used for customs purposes to differentiate among grades of improved coarse wool." The Commission further reports that "any system of grades based on average diameter of fiber as determined through micron analysis would necessarily result in some changes in grade from the grade determined by the present visual method." Growers and their representatives have contended that certain imported wools have been admitted as "not finer than 40s," determined by the visual method, where as actually they should have been classified in a higher grade, requiring a higher rate of duty. This same situation could, and probably has occurred, in the 44s and 46s under the visual method." As indicated above, the Tariff Commission report confirms this view.

We understand further that consideration is being given to changing the present visual method of officially determining grades of wool in favor of the "micron analysis" method, which is now widely used by the trade. We believe such a change would result in more accurate determinations of the fineness of the wools (both domestic and imported). In the case of imported wools, the micron-analysis method would only be required in borderline cases.

Sections 1 and 2 of Public Law 85-418, temporarily suspended the duties on wool not finer than 46s and, being a part of the Tariff Act of 1930, as amended, necessarily referred to grades of wool provided for in the act. The relevant provision in that act (19 U.S.C. 1001, par. 1101(c)(5)) states that the official standards of the United States for grades of wool as established by the Secretary of Agriculture on June 18, 1926, pursuant to law, shall be the standards for determining the grades of wool, that is, for tariff purposes. The standards so established are now contained in 7 CFR, part 31, and are based on samples of wool in the custody of the U.S. Department of Agriculture. There is a possibility, however, that the Secretary of Agriculture may establish standards based on microns, and that the grades will be determined by micron analysis, or he may establish other standards. For that reason, we deem it desirable that the proposed bill shall provide that the standards for determining the grade of wool shall be such standards as may be established by the Secretary of Agriculture in accordance with law rather than those established by him on June 18, 1926.

20 PERMANENT SUSPENSION OF DUTIES ON COARSE WOOL

Sufficient time should be given to get the technical and administrative procedures perfected for the use of a more refined system of grading wools than the present system of visual examination. Thus we recommend the suspension of the duty on wools not finer than 46s be extended for only 3 years at this time rather than being made permanently duty free.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Under Secretary of Agriculture.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 29, 1960.

Hon. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives.*

DEAR CONGRESSMAN MILLS: This is in response to your request for the Department's views with reference to providing the same treatment for wool which is imported for use by the papermaker felt industry as is now accorded wool imported for use by the carpet industry under Public Law 85-418, in any extension of this existing law.

While the Department prefers that exemptions from import duties not be further extended, we will not oppose the addition of the product, papermaker's felt, to the list of products exempted under TP 1101(b) of the amended Tariff Act of 1930, as amended by Public Law 85-418. We wish to point out, however, that suggested amendments, as outlined in our letter of January 22, 1960, should be incorporated in any extension of this act.

Our concern has always been that once the import duty was reduced on wools for carpet use, other segments of the wool industry would request similar reductions. We also wish to call to your attention the fact that any reduction in the tariff on wools used for papermaker felts will reduce the total revenue to the Treasury as well as the amounts available for payments to growers under the National Wool Act. Also, it could adversely affect the market for that quantity of domestic wool which has been normally sold to the papermaker felt industry.

In view of the time limitation, we have not obtained clearance of this position from the Bureau of the Budget.

Sincerely yours,

CLARENCE L. MILLER, *Assistant Secretary.*

P.S. In accordance with your telephone request we are attaching a statement of the proposed procedure in implementing the second amendment proposed in our letter of January 22.

In response to your telephone request, we submit herewith the Department's recommendation and the plan that would be followed in implementing the second amendment proposed in our letter of January 22, 1960, to the Harrison bill, to make permanent the temporary suspension of the import duty on certain wool not finer than 46s (since introduced as H.R. 9322).

This second amendment calls for the addition of another section to the bill substantially as follows:

"Sec. 2. Paragraph 1101(c)(5) of the Tariff Act of 1930, as amended (46 Stat. 647; 52 Stat. 1090; 19 U.S.C. 1001, par. 1101(c)(5)), is amended by the deletion of the words 'on June 18, 1926,' "

With deletion from the Tariff Act of 1930, as amended, of specific reference to the standards for wool promulgated by the Secretary of Agriculture on June 18, 1926, the practical forms of standards promulgated as of that date would still continue to be used after the deletion because they would be the only ones established by the Secretary pursuant to law as of this time.

Any new official standards for wool would be issued under the act of May 17, 1928 (7 U.S.C. 415b-415d) and the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1622, 1624). While these acts do not impose any special procedural requirements for establishment or change of the standards, the rule-making provisions of the Administrative Procedure Act are applicable to changes in the grade standards. The Department is continually studying ways and means

of improving standards for all agricultural products to make them more useful marketing tools. This is done by reviewing the results of research and conducting such tests and studies as we are empowered to do. Constructive suggestions are always welcome from the trade as to ways in which the standards might be modified or improved to make them more useful. After it is decided that a certain change in standards would be desirable a modified version of the standards incorporating the change is prepared as a proposal and published in the Federal Register and a period of time allotted for comments from those who may be interested.

The Department's notice in the Federal Register will give all other Government departments and bureaus, the domestic wool trade, the domestic wool producing industry, the domestic wool textile industries, foreign exporters of wool into the United States, and all others having any interest ample and full opportunity to present their views and consult with the Department concerning the proposed changes well in advance of any final determinations made by the Department.

Since it is the intent of the Department to promulgate standards which would serve the best interest of all segments of the industry and the marketing of wool generally, it has always been and will continue to be the policy and practice of the Department to consult with all interested parties to the extent necessary for the development of the best possible standards for wool.

Sincerely yours,

THE SECRETARY OF COMMERCE,
Washington, D.C., January 25, 1960.

Hon. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request of January 8, 1960, for the views of this Department with respect to H.R. 9322, a bill to make permanent the existing suspension of duties on certain coarse wool.

The purpose of this legislation is to make permanent the existing suspension of the import duties on certain coarse wool. The free entry of the wool concerned under Public Law 85-418, in the absence of further legislation, will terminate, at the close of June 30, 1960.

The Department makes no recommendation with respect to H.R. 9322.

The Tariff Commission in its report on Investigation No. 34 under section 332 of the Tariff Act of 1930, dated September 1959, stated:

"The delivered cost of imported coarse wools in the United States is higher to producers of papermakers' felts than to producers of carpets, not only because the wool used in making felts is usually of better quality than that used in making carpets, but also because a tariff duty is applicable to wools used in felts and not to those used in carpets. Although wools used in making felts are usually of higher quality than those used for making carpets, there is some overlap, particularly with respect to New Zealand 44's and 46's. In purchasing their wool in New Zealand, the buyers for producers of papermakers' felts sometimes compete with the buyers for carpet manufacturers for the same types of wool. Moreover, the demand for types used in carpets operates to limit the quantity and to increase the price of wool marketed in a form suitable for other uses. Thus, the provision for free entry into the United States of wools not finer than 46's for carpet use operates somewhat to the disadvantage not only of the producers of papermakers' felts but of the producers of other articles incorporating coarse wools."

It appears, therefore, that enactment of the bill would work to the advantage of some business concerns and to the disadvantage of others. It is felt that the bill does not involve any major economic policy question. It would, however involve making permanent the disadvantages under which manufacturers of papermakers' felts and other products incorporating coarse wools compete with carpet manufacturers for similar raw materials.

Under the circumstances the question appears to be a matter for decision by the Congress and with respect to which this Department makes no recommendations.

The Bureau of the Budget has advised that it would interpose no objection to the submission of this report to your committee.

Sincerely yours,

PHILIP A. RAY,
Under Secretary of Commerce.

THE SECRETARY OF COMMERCE,
Washington, D.C., February 25, 1960.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the comments of this Department with respect to the proposal contained in the report of the Department of Agriculture on H.R. 9322 that the bill be amended to provide that grades of wool shall be determined in accordance with whatever regulations may be set up by the Secretary of Agriculture pursuant to law, rather than in accordance with the regulations set up by him on January 18, 1926, which is the requirement at this time.

You may recall that in its report of January 25, 1960, this Department made no recommendation with respect to H.R. 9322. It would have no objection to adoption of the modification proposed above.

We have been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Sincerely yours,

PHILIP A. RAY,
Under Secretary of Commerce.

THE SECRETARY OF COMMERCE,
Washington, D.C., March 1, 1960.

HON. WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the comments of this Department with respect to a proposed amendment to H.R. 9322, a bill to make permanent the existing suspension of duties on certain coarse wool.

The proposed amendment, in effect, would provide for the same duty-free entry for wool which is imported for use by the papermakers' felt industry as is now accorded wool imported for use by the carpet industry under Public Law 85-418.

In our letter of January 25 we called attention to the fact that the bill in its original form would discriminate in favor of some users of coarse wool to the possible detriment of others. While the proposed amendment would increase the number of users entitled to favorable treatment, there would still remain others who would be at the disadvantage to which we then called attention. Under the circumstances we continue of the view that this is a matter for decision by the Congress with respect to which the Department makes no recommendation.

According to the report of the Tariff Commission on its section 332 investigation "Wools for Carpet and Papermakers' Felts" released last September, U.S. consumption of wool of grades 48s and coarser since 1948 has ranged from 138 to 183 million pounds a year, scoured basis. Of this amount only 5 to 7 million pounds have been wool of domestic origin, about one-fourth of which consisted of wools not finer than 46s. Over 85 percent of the import of wools not finer than 46s is used in the making of carpets and papermakers' felts.

In view of the very small proportion of total U.S. consumption supplied by domestic producers and the large proportion of imports it is proposed to permit duty-free entry, your committee may wish to consider suspension of the duty on imports of all wools not finer than 46s.

Due to the urgency of this matter we were unable to obtain the advice of the Bureau of the Budget as to relationship of this proposed amendment to H.R. 9322 to the program of the President.

Sincerely yours,

PHILIP H. RAY,
Secretary of Commerce.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, January 23, 1960.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN MILLS: This is in further response to Mr. Irwin's request for the views of this Department on H.R. 9322, a bill to make permanent the existing suspension of duties on certain coarse wool.

The wools on which the permanent suspension of duties is intended under H.R. 9322 are principally those used in the production of rugs and carpets. Basically, coarse wools used for such purposes are duty-free under the Tariff Act of 1930; however, Public Law 85-418 enacted during the 85th Congress extended this treatment until June 30, 1960, to somewhat finer grades, when imported for the same uses. The subject proposal would eliminate this terminal date and make permanent the suspension of duties provided in Public Law 85-418.

In September 1959 the Tariff Commission completed a report entitled "Wools for Carpets and Papermakers' Felts." This report indicates that the available domestic supply of wool suitable for carpets is extremely limited—less than 2 million pounds. The report further indicates that domestic wool, regardless of grade, competes with imported dutiable wool and not with duty-free carpet wool. Under the circumstances, the permanent suspension of duties provided in H.R. 9322 would not adversely affect domestic woolgrowing employment. We therefore have no objection to its enactment.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

JAMES T. O'CONNELL,
Acting Secretary of Labor.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, March 18, 1960.

HON. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN MILLS: This is in response to Mr. Irwin's request for the views of this Department on extending the same tariff treatment to wool imported for use by the papermaker felt industry as is now accorded wool imported primarily for use by the wool carpet industry under Public Law 85-418 (19 U.S.C. 1001, par. 1101).

Under Public Law 85-418 certain coarse wools (not finer than 46s) may be entered or withdrawn from warehouse without the payment of duty by a manufacturer, processor, or dealer upon the filing of a bond to insure that any wool or hair entered or withdrawn shall be used only in the manufacture of certain specified articles, including rugs, carpets, and other floor coverings. Wools imported for use in the manufacture of papermakers' felts are subject to the payment of duty regardless of grade.

In September 1959, the U.S. Tariff Commission issued a report entitled "Wools for Carpets and Papermakers' Felts," following an investigation of these industries. In its report the Commission stated that the domestic production of coarse wools is extremely limited, and expressed the belief that total U.S. production of wools 46s or coarser was not more than 2 million pounds in 1958. This country's total wool production from 1951 to 1958 has ranged between 119 and 136 million pounds per year.

The Tariff Commission's report states that while wools used in the making of felts are usually of higher quality than those used for making carpets, there is some overlap, and the demand for the types used in carpets operates to limit the quantity and to increase the price of wool marketed in a form suitable for other purposes. The report concludes that the duty-free treatment accorded wools imported for carpet use operates somewhat to the disadvantage not only of the producers of papermakers' felts but of the producers of other articles incorporating coarse wools. The report further states that the Commission has explored the possibility of defining wools suitable for papermakers' felts in a sufficiently precise manner to permit the enactment of legislation making such wools ineligible for free entry into the United States for carpet use. The Commission found, however, that such a definition would have to be arbitrary and based on quality features, which would be extremely difficult for customs officials to apply.

In view of the extremely limited U.S. production of coarse wools suitable for the manufacture of rugs, carpets, and papermakers' felts, and aside from the equities involved, we do not believe that extending duty-free treatment to wools used in papermakers' felts would have an adverse effect on domestic wool-growing employment. Accordingly, we would have no objection to enactment of the legislation Mr. Irwin states has been proposed.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

JAMES T. O'CONNELL,
Under Secretary of Labor.

U.S. TARIFF COMMISSION,
Washington, January 18, 1960.

MEMORANDUM ON H.R. 9322, 86TH CONGRESS, A BILL TO MAKE PERMANENT THE
EXISTING SUSPENSION OF DUTIES ON CERTAIN COARSE WOOL

Paragraph 1101(b) of the Tariff Act of 1930, sometimes referred to as the "carpet wool exemption provision," provided for duty-free entry under bond of imports of certain wools and animal hair for use in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy-fulled lumbermen's socks, or rugs, carpets, and other floor coverings. Previous to the temporary amendment of paragraph 1101(b) by Public Law 85-418, the free-entry provision for carpet wools was limited to so-called unimproved wools and other (improved) wools not finer than 40s and camel's hair. Sections 1 and 2 of Public Law 85-418 temporarily amended paragraph 1101(b) to extend the free-entry privilege for a period of 2 years to wools finer than 40s but not finer than 46s.

H.R. 2151, 85th Congress (which ultimately became Public Law 85-418), as originally introduced, provided for the permanent extension of the duty-free privilege to the finer wools above mentioned. The Committee on Ways and Means amended the bill so as to limit the extension to a 3-year period. In its report the Ways and Means Committee stated that the limitation of the amendment to a 3-year period was for the purpose of enabling a review of the situation at the end of that period (H. Rept. 953, 85th Cong., 1st sess., p. 5). The Senate Finance Committee reported the bill out with an amendment reducing the 3-year period to 2 years. In its report the Finance Committee stated:

"The Finance Committee has requested the Tariff Commission to make a study of the grades and qualities of wool imported into the United States for use in the manufacture of carpets and of papermakers felts and of domestic wools which are similar in grade and character. This report is to be completed on or before September 30, 1959. While it gives ample time for such a study to be made, it will become available prior to the opening of Congress in 1960, thus providing up-to-date and complete information for the Congress prior to the expiration of the effective date of the bill, June 30, 1960 (S. Rept. 1490, 85th Cong., 1st sess., p. 3)."

The request referred to by the Finance Committee was in the form of a resolution adopted by that committee on April 28, 1958, directing the Commission to make the study pursuant to section 332 of the Tariff Act of 1930. In response to this resolution, the Tariff Commission on April 29, 1958, instituted the study and held public hearings. On September 30, 1959, the Commission submitted a report of the results of its study to the Committee on Finance. This report¹ will therefore serve as the Commission's report in connection with the pending bill, H.R. 9322.

In order that the effective date of the amendment be clearly set forth in the legislation, it is suggested that the quoted language in lines 11 and 12 of the bill be changed to "on or after July 18, 1958." Your committee might also consider making a clerical correction in section 2 of Public Law 85-418 by inserting after "by" the words "section 1 of."

U.S. TARIFF COMMISSION,
Washington, D.C., February 26, 1960.

HON. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives.*

DEAR MR. CHAIRMAN: In your letter of February 16, 1960, you asked for comment on the recommendation of the Department of Agriculture that H.R. 9322 be amended to provide that grade of wool shall be determined in accordance with whatever regulations may be set up by the Secretary of Agriculture pursuant

¹ The report referred to is in the files of the committee and copies are available at the U.S. Tariff Commission.

to law, rather than in accordance with the regulations set up by him on June 18, 1926, which is the requirement at this time. In your letter of February 24, 1960, you ask for the Commission's views and comments on a proposal to provide the same treatment for wool imported for use by the papermaker felt industry as is now accorded wool imported for use by the carpet industry.

The present standards for grades of wool (those established by the Secretary of Agriculture on June 18, 1926, pursuant to law) were before the Congress when it enacted the Tariff Act of 1930, and were adopted by the Congress. The proposal of the Secretary of Agriculture is that there be vested in him unfettered discretion to establish regulations for grading imported wool. Since any regulations that might be adopted could affect the tariff treatment of imported wool, it is believed that this proposal should be carefully considered. In any event, it would seem that the Bureau of Customs (which administers the tariff schedules) should participate in the formulation of wool-grading regulations. This could be accomplished if it were provided that the regulations should be joint regulations of the Secretaries of Agriculture and the Treasury.

The report of the Department of Agriculture on H.R. 9322 suggests that the Secretary of Agriculture may establish micron standards (based on determination of fiber diameter by actual measurement) which would be the standards for determining the grade of wools. The Tariff Commission, in its "Report on Wools for Carpets and Papermakers' Felts," made in response to the resolution of the Senate Committee on Finance, concluded that micron analysis could be used for customs purposes both to differentiate between unimproved and improved wools and to differentiate among the various grades of improved wools. However, it is pointed out that insofar as the differentiation between improved and unimproved wools is concerned micron analysis would produce substantially the same results as obtained by the more simple visual method presently employed. The Commission's report further points out that from 75 to 90 percent of all wool imports can be graded readily and accurately by the visual method, and that the practical problems involved in micron analysis suggest that this method, if employed, should be limited to doubtful cases or where there is controversy.

Under the Department of Agriculture's proposal, the extent of the changes in grade classification for duty purposes that would result from a system of micron grading would depend entirely upon the criteria for fiber diameter and fiber-diameter variability which might be established for the various grades of wool subject to different tariff treatment, i.e., named and similar, not finer than 40s, not finer than 44s, not finer than 46s, and 48s and finer. Any system of micron grading, however successful in preserving the present general level of protections for domestic woolgrowers, would inevitably result in the alteration of the duty status of some wools.

If a system of micron grades for customs purposes is adopted, certain changes in the present provisions of the wool schedule might be indicated. If grades were established which would embrace both the so-called named and similar wools as well as improved wools, and these grades were made applicable for customs purposes, the grade descriptions for named and similar wools could be substituted in paragraph 1101(a) in place of enumeration of such wools.

The provision in paragraphs 1101 (a) and (b) and 1102(a) for a 10-percent tolerance for finer wools would presumably not be included in any micron standards that would be established, since micron grades for improved wool would probably be based on average fiber diameter of the lot as determined from a core sample. Therefore, no tolerance would be necessary in the case of wools graded by micron analysis.

With regard to the proposal to provide the same treatment for wool imported for use in making papermakers' felt as is now accorded wool imported for carpet making, the following data on domestic production, imports, utilization, and prices of wool not finer than 46s are presented.

The Tariff Commission's report points out on pages 37 to 40 that precise data on domestic production of wools not finer than 46s are not available. A minimum figure would be 1 million pounds, clean basis, and it might be as high as 2 million pounds. Dutiable imports of named and similar wool and wools not finer than 46s totaled about 15 million pounds clean basis, in 1958 (table 17). Disregarding stocks, this gives a total supply of from 16 to 17 million pounds. Manufacturers of papermakers' felts used approximately 3 million pounds (table 16) and the remainder was used in blankets, outer apparel (mostly coarse tweeds), hair cloth, and industrial products.

The approximately 3 million pounds of domestic and imported wool not finer than 46s used in papermakers' felts are carefully selected for a long strong fiber and as a consequence command a considerable price premium over other wools not finer than 46s. In 1958 this premium was in the order of 10 to 20 cents per pound.

Domestic producers have supplied about one-half million pounds of wool annually for the manufacture of papermakers' felts in recent years (table 16). If imported wools were to enter duty free they would displace the domestic product in this use and the prices for the half million pounds of domestic wool not finer than 46s would decline, although probably by somewhat less than the amount of the duty—17 cents a pound for 44s. Blanket, tweed yarn, and other manufacturers using dutiable wools not finer than 46s would not pay the premium for long staple or strength demanded by the manufacturers of papermakers' felts. The net effect on domestic woolgrowers would be largely to eliminate the premium they receive for the approximately one-half million pounds of wool not finer than 46s now sold to manufacturers of papermakers' felts.

Offsetting the lower price to domestic woolgrowers would be the lower prices (by approximately the amount of the duty) which papermakers' felt manufacturers would pay for about 3 million pounds of wool not finer than 46s.

Sincerely yours,

JOSEPH E. TALBOT, *Chairman.*

Mr. HARRISON. Yes.

There is no statement here from the Treasury Department, and I was informed that the representative is here and desires to be heard on this.

The CHAIRMAN. Mr. Higman is here. We can hear him in executive session.

Mr. HARRISON. If he is going to offer any objections, I would like to know what they are in the public session.

The CHAIRMAN. All right.

Come around, please, Mr. Higman.

STATEMENT OF W. E. HIGMAN, CHIEF, DIVISION OF CLASSIFICATION AND DRAWBACKS, BUREAU OF CUSTOMS, DEPARTMENT OF THE TREASURY

Mr. HIGMAN. As I understand, there is an exact wording for the suggested amendment in connection with the new method of ascertaining grade and it provides that all interested parties will be heard in accordance with law and regulations before the formal procedures are finally issued. That could mean in one reading that the program would appear first in the Federal Register and then interested parties, including other Government agencies, including Customs, would then for the first time have an opportunity to, for instance, put forth any administrative questions that they have.

I think it is the thought of the Treasury that possibly they should be consulted on administrative matters at a point prior to the publication of the notice of the proposed regulation in the Federal Register.

The CHAIRMAN. Mr. Harrison?

Mr. HARRISON. I would just like to ask the representative of the Department of Agriculture if he has any objection to that.

The CHAIRMAN. Is there some one here representing the Department of Agriculture?

Mr. HARRISON. Yes, sir. They wrote a letter.

The CHAIRMAN. Please come to the witness table.

**STATEMENT OF W. E. TYLER, CHIEF, STANDARDIZATION BRANCH,
LIVESTOCK DIVISION, AMS, DEPARTMENT OF AGRICULTURE**

Mr. TYLER. I am W. E. Tyler, Chief of the Standardization Branch of the Livestock Division, AMS.

It is our job to develop standards for all classes of livestock, meat, and wools.

The CHAIRMAN. Have you been consulted by this group that has done this remarkable feat of bringing everybody together in support of this bill and in the development of language that will permit them to all support it?

Mr. TYLER. Yes, sir; we helped with this.

The CHAIRMAN. Mr. Higman has some suggestion about the part that the Treasury should play in the administration of one of the proposed amendments relating to standards for grading. Did you hear what he said?

Mr. TYLER. It was not too clear where I was sitting. I would like to hear the statement again.

The CHAIRMAN. Mr. Higman, for the benefit of this gentleman, will you restate exactly what the Treasury Department would like?

Mr. HIGMAN. The Treasury would like to have some participation in this program before it is finally formulated and published in the Federal Register because the Treasury, and the Customs Service particularly, have definite administrative problems which probably should be considered.

The language which has been suggested here by way of an amendment which assures participation of all interested parties, as we hear it, could mean that that participation would follow publication in the Federal Register and not preceding it.

So far as Customs is concerned, it would be much better if our participation could precede the formulation which is published in the Federal Register.

Mr. HARRISON. I call your attention to the fact that the amendment suggested would simply eliminate the date "June 18, 1926."

The Department of Agriculture has given some assurances that before making changes they will give people an opportunity to be heard.

As far as any changes in the law are concerned, the amendment suggested is to eliminate the words "June 18, 1926."

I do not see that that would affect anybody; would it?

The CHAIRMAN. Are you addressing that question to Mr. Higman?

Mr. HARRISON. Yes, sir.

Mr. HIGMAN. As we hear the language this morning, there is an amendment which provides that the standards shall be set up after giving all interested parties an opportunity in accordance with the law and regulation itself.

Mr. HARRISON. Would the Treasury object to an amendment that simply eliminated the language "June 18, 1926"?

Mr. HIGMAN. I think you have the Treasury's report on this bill.

Mr. HARRISON. Not on that amendment, because it was not before it.

Mr. HIGMAN. No; not this second amendment.

The Treasury's position, as I understand it, is that it would simply like an opportunity to participate in the formulation of these standards so that the administrative needs of the Treasury and the customs service can receive consideration at an early stage rather than at a later stage when the thing has all been formulated and the first time, theoretically, we hear about it is when we see it in the Federal Register.

The CHAIRMAN. How does this practice operate now?

Mr. HIGMAN. Of course, the standards were set up in 1926 and there has been a long period of operation in connection with those.

The Treasury has done some work, and we have Dr. Vlases here who is in a position to testify technically at such time as it is desired, but this is an entirely new approach and it is just desired to not allow any administrative complications to creep in without some opportunity to discuss them.

The CHAIRMAN. What does this amendment mean, Mr. Higman? Does it mean that the Department of Agriculture will develop the standards for grading and give them to you, and you would like to be consulted in the process of development of those standards prior to the issuance of the standards in the Federal Register?

Mr. HIGMAN. I think we could put it, Mr. Mills, somewhat more narrowly.

We would like to have an opportunity to put forward our administrative problems so that it would be certain that they are considered in the formulation of these standards.

The CHAIRMAN. Would not that be possible?

Mr. TYLER. I feel sure this could be arranged. We would be happy any time to sit down and discuss the proposed standards with the Treasury Department.

The CHAIRMAN. Why would it not be satisfactory in the report, Mr. Higman, for us to point out that it is our thought that such consultations between Agriculture and the Treasury should take place in the process of the development of such new standards for grading and prior to the time they are published in the Federal Register?

Mr. HIGMAN. Yes, sir; exactly.

The CHAIRMAN. Would you find any objection to that?

Mr. TYLER. No, sir. I cannot speak for anyone other than our group.

The CHAIRMAN. Mr. Marsh, please come up here and give us your opinion.

Mr. Marsh, have you heard this discussion?

Mr. MARSH. Yes; I have.

The CHAIRMAN. Would it make any difference in the support of this proposition by the woolgrowers, if the Treasury were permitted to consult with the Department of Agriculture about administrative problems in connection with the development of new standards for grading of wool prior to the time that those standards were published in the Federal Register?

Mr. MARSH. I can see no objection from the standpoint of the woolgrowers, Mr. Chairman.

The CHAIRMAN. I would not think there would be any. I would think that the Treasury Department is justified in making such a request. They have to administer the program in the final analysis.

Mr. MARSH. I do know that the Department has to go through certain procedures as outlined by law. However, as far as we are

concerned, I see no objection to consulting with Treasury prior to that.

The CHAIRMAN. The main thing you want is for the Department of Agriculture to play a part and actually to develop these standards for grading?

Mr. MARSH. That is correct.

The CHAIRMAN. With respect to any administrative problems, of course, you want the Department of Agriculture to have knowledge of and be able to consider them.

Mr. MARSH. Yes.

The CHAIRMAN. Any further questions of these gentlemen? Do you want anybody else?

Mr. HARRISON. No, sir.

The CHAIRMAN. Thank you.

That concludes the public hearing and, without objection, the committee will go immediately into executive session on the bill H.R. 9322.

(The following letters were received by the committee:)

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON ATOMIC ENERGY,
February 29, 1960.

Hon. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.*

DEAR WILBUR: I am enclosing a letter from the president of the New Mexico Wool Growers in opposition to H.R. 9322, the carpet wool bill, on which the Ways and Means Committee is holding a hearing today.

I would appreciate it very much if you would bring his letter to the attention of the committee and place it in the record.

Sincerely yours,

CLINTON P. ANDERSON.

NEW MEXICO WOOL GROWERS, INC.,
Yeso, N. Mex., February 26, 1960.

Senator CLINTON P. ANDERSON,
Senate Office Building, Washington, D.C.

DEAR CLINT: It has just come to my attention that H.R. 9322, to make permanent the existing suspension of duties on certain coarse wool, is to have a hearing on February 29. I have your letter to Floyd W. Lee of February 9, in which you state that you would like to know the position of the domestic industry on this legislation.

Our organization strongly urges you to oppose this bill. We find that much wool of competitive quality has come in under this suspension. As you well know for the past 2 years our domestic market has been quite a bit beneath the world market on this class of wool.

As we see this permanent suspension, it could be a foot in the door situation, to sometime in the near future ask for suspension of duties on another grade of wool. What with lamb and mutton imports increasing from a million and a half in 1956, to 60 million pounds in 1959, the domestic industry is getting on mighty thin ice anyway. Experts are predicting that at the present rate, there will not be a domestic wool and sheep industry in a very short time.

Last fall about the time our lamb crop was ready for market, lambs were being contracted at around 22 to 23 cents per pound. A ship load of live lambs, from Australia, landed on the west coast. Immediately, our lamb market dropped to 16 cents, and never recovered over a cent at the most. Most of us took 16½ cents for our lambs.

These Australians and New Zealanders are going to nail the domestic industry to the cross, if there is not some regulation to the amount of imports and the time of year of shipment. They must not be allowed to dump a great number of lambs on our market at the time our fall lambs are ready to go. We just can't produce lambs as cheaply as they can lay them in, over here.

There is going to be a hearing before the Tariff Commission March 22, to urge the Commission to make an investigation of the impact of these imports on our domestic market. Our industry would greatly appreciate it if you could attend this meeting, I plan on attending the meeting myself.

Clint, thanks very much for your letter, we also would like to express our appreciation for the many favors that you have done for us in the past.

Sincerely yours,

W. E. (Hi) OVERTON, *President.*

NATIONAL RETAIL FURNITURE ASSOCIATION,
Washington, D.C., February 28, 1960.

H.R. 9322 (carpet wool).

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE MILLS: The directors of the National Retail Furniture Association were among the original supporters of the carpet wool bill (H.R. 2151, 85th Cong.), which suspended import duties to June 30, 1960, on certain coarse wools used for making carpets.

The purpose of this letter is to seek your support and the support of the members of your committee for H.R. 9322, which would make permanent the present suspension of these import duties.

NRFA directors support this legislation in order to insure that furniture retailers can continue to offer the American homemaker good-quality carpet at stable prices which she can afford.

The present legislation has contributed substantially to this objective over the last 2 years, and permanent extension would continue this.

Since carpet wools are not produced domestically, the American carpet industry is entirely dependent upon foreign-grown wool for its wool supply. Under the Tariff Act of 1930 the carpet industry can import duty free all wool up to grade 40's. Because of the increased demand by industry and a diminishing supply, a serious raw wool situation has developed. The supply has been sharply reduced because (1) economic conditions of certain countries have improved, and sheep have been bred up to the extent that they produce higher quality wools; (2) China which traditionally has been the major source of prime carpet wools for the American industry (up to 45 percent of total industry requirements) no longer supplies this demand.

Substantial quantities of wool between 40's and 46's are available. The enactment of H.R. 9322 will continue relief of the increasingly acute situation of wool shortages since the bill will allow wools up to grade 46s to continue to be imported duty free for the manufacture of carpets.

We are taking the liberty of sending copies of this letter to all members of the Ways and Means Committee.

It would be appreciated if this letter can be made part of the official record of your committee's hearings on H.R. 9322, starting February 29, 1960.

Yours sincerely,

DEREK BROOKS,
Director of Government Affairs.

(Whereupon, at 10:40 a.m., the committee proceeded in executive session.)

×

LEGISLATIVE HISTORY

Public Law 86-557
H. R. 9322

TABLE OF CONTENTS

Index and summary of H. R. 9322.1
Digest of Public Law 86-5572

INDEX AND SUMMARY OF H. R. 9322

Jan.	6, 1960	Rep. Harrison introduced H. R. 9322 which was referred to the House Ways and Means Committee. Print of bill as introduced.
Feb.	29, 1960	House committee voted to report (but did not actually report) H. R. 9322.
Mar.	14, 1960	House committee reported H. R. 9322 with amendment. H. Report No. 1390. Print of bill and report.
Apr.	11, 1960	House passed H. R. 9322 as reported.
Apr.	14, 1960	H. R. 9322 was referred to the Senate Finance Committee. Print of bill as referred.
May	18, 1960	Senate committee voted to report (but did not actually report) H. R. 9322.
May	19, 1960	Senate committee reported H. R. 9322 with amendments. S. Report No. 1402. Print of bill and report.
May	26, 1960	Senate passed H. R. 9322 as reported.
June	1, 1960	Both Houses appointed conferees.
June	7, 1960	Conferees agreed to file a report.
June	16, 1960	House received the conference report on H. R. 9322. H. Report No. 1883. Print of report.
June	17, 1960	Senate agreed to conference report.
June	25, 1960	House agreed to conference report.
June	30, 1960	Approved: Public Law 86-557.

DIGEST OF PUBLIC LAW 86-557

SUSPENSION OF DUTY ON COARSE WOOL. Extends permanently the suspension of the import duty on certain wools not finer than 46's, and provides that the standards for determining grades of wools shall be those which are established from time to time by the Secretary of Agriculture pursuant to law and which are in effect on the date of importation of the wools. Adds papermakers' felts to the list of products which may be imported free of duty.

H. R. 9322

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1960

Mr. HARRISON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To make permanent the existing suspension of duties on certain coarse wool.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2 of the Act entitled "An Act to provide for
4 the temporary suspension of the import duties on certain
5 coarse wool, and to provide additional time for the Tariff
6 Commission to review the customs tariff schedules", ap-
7 proved May 19, 1958 (Public Law 85-418; 72 Stat. 120),
8 is amended by striking out "during the period beginning on
9 the sixtieth day after the date of the enactment of this Act
10 and ending at the close of June 30, 1960" and inserting
11 in lieu thereof "on or after the sixtieth day after the date of
12 the enactment of this Act".

86TH CONGRESS
2D SESSION

H. R. 9322

A BILL

To make permanent the existing suspension of
duties on certain coarse wool.

By Mr. HARRISON

JANUARY 6, 1960

Referred to the Committee on Ways and Means

Feb. 29, 1960

16. PERSONNEL. Received a petition from the county clerk of Maui, Hawaii, calling for favorable consideration in the extension of the 20% cost-of-living wage to all Federal employees in the State of Hawaii. p. 3485
17. WOOL. The Ways and Means Committee voted to report (but did not actually report) H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool. p. D157

ITEMS IN APPENDIX

18. FARM PROGRAM. Extension of remarks of Sen. Wiley discussing some of the problems confronting farmers and inserting the proposed 1960 action program for the Wisconsin Farmers Union. pp. A1669-71
Extension of remarks of Sen. Sparkman commending the Progressive Farmer publication as having "worked hard and objectively to promote sound farm programs," and inserting their editorial, "These Things A Farm Program Must Have." pp. A1673-4
19. FOOD PRICES. Extension of remarks of Sen. Case, S. Dak.. stating that "when consumers complain about the increasing cost of their groceries and blame it on farm subsidies, they are often overlooking the fact that much of their grocery dollar goes for nonfood items sold in the supermarkets," and inserting an article on this subject. p. A1676
20. PROPERTY. Extension of remarks of Sen. Moss inserting an article, "A Place Where Uncle Sam Doesn't Play Fair -- Payments In Lieu of Taxes." pp. A1677-9
21. INTEREST RATES. Extension of remarks of Rep. Patman inserting a statement prepared by Rep. Ullman "setting out the arguments for and against passage of H. R. 10590, the proposed bill to repeal the interest-rate ceiling on Government bonds." pp. A1679-80
Sen. Frear inserted an article which deals with the problems attendant to the 4½ ceiling on the interest rate on bonds. p. A1683
Rep. Curtis, Mo., inserted an article, "Conflict on the Debt -- A Study Finds Report Overvalued Role of U. S. Borrowing In Market." pp. A1692-3
22. TEXTILES. Rep. Hemphill inserted an editorial critical of remarks made by Asst. Secretary of Commerce Kearns to the effect that "he had reached the conclusion that the prosperity of American mills was not affected by foreign imports." pp. A1682-3
Rep. Hemphill inserted an editorial, "Take Another Look, Mr. Kearns." pp. A1693-4
23. ELECTRIFICATION. Rep. Langen inserted an address by Rep. Andersen, "The Economic Value of REA." pp. A1691-2
Extension of remarks of Rep. Ullman inserting an article concerning the application by a private power combine to build a dam at Mountain Sheep, Oreg. p. A1740
Extension of remarks of Rep. Evins inserting excerpts from a newsletter favoring a ruling by the Illinois Supreme Court that customers should receive the benefits of Federal subsidies to private power companies. pp. A1745-6
24. BUDGET. Rep. Curtis, Mo., inserted an article, "Where the Real Budget Story Is," commenting on a "set of figures deep in the fine print" of the 1,000-page Federal budget which is called "Special Analysis A." pp. A1695-6

25. WATER POLLUTION. Speech in the House by Rep. Pfof stating that Congress should vote to override the President's veto on the water pollution bill. p. A1737
Extension of remarks of Rep. Stratton stating that he had voted to override the veto of the water pollution bill and inserting an article, "Our Pollution Problem." pp. A1747-8
26. COOPERATIVES. Extension of remarks of Rep. Johnson, Wis., stating that as a result of recent court decisions "anticooperative forces have seized this opportunity to advance tax proposals that are aimed not at tax equality, but at crippling the cooperatives," and inserting resolutions of the Dairyland Power Cooperative, Wis., on this subject. p. A1745
27. VETERANS' BENEFITS. Extension of remarks of Rep. Flynn urging the Members of the House to vote favorably for the passage of S. 1138, which would provide educational and vocational training, loans for farms, livestock and farm machinery for veterans who serve during peacetime years of 1955 through 1963. p. A1747

BILLS INTRODUCED

28. FORESTS. H. R. 10754, by Rep. Hechler, H. R. 10763, by Rep. Mack, Wash., H. R. 10773, by Rep. Rogers, Colo., H. R. 10775, by Rep. Thomson, Wyom., H. R. 10776, by Rep. Van Pelt, H. R. 10778, by Rep. Westland, H. R. 10780, by Rep. Dixon, and H. R. 10783, by Rep. Rivers, Alaska, to authorize and direct that the national forests be managed under principles of multiple use and to produce a sustained yield of products and services; to Agriculture Committee.
29. GRAINS. H. R. 10757, by Rep. Jensen, to provide for a payment-in-kind program for corn; to Agriculture Committee.
H. R. 10770, by Rep. Quie, to provide for a payment-in-kind program for producers of wheat, corn, oats, rye, barley, grain sorghums, soybeans, and flaxseed; to Agriculture Committee.
H. R. 10774, by Rep. Thomson, Wyom., to help restore the balance between the production of and the market demand for wheat; to Agriculture Committee.
30. PERSONNEL. H. R. 10752, by Rep. Green, Pa., to adjust the rates of basic compensation of certain officers and employees of the Federal Government; to Post Office and Civil Service Committee.
H. R. 10785, by Rep. Irwin, to amend section 202(a) of the Federal Employees Pay Act of 1945 to permit employees whose rates of basic compensation are not more than the maximum scheduled rate of GS-15 of the Classification Act of 1949 to request overtime pay or compensatory time off for irregular or occasional overtime work; to Post Office and Civil Service Committee.
31. LANDS. H. R. 10784, by Rep. Schwengel, to amend the act of September 9, 1959 (73 Stat. 473), to provide that payment for the lands covered by such act may be made on a deferred basis; to Agriculture Committee.
32. FARM PROGRAM. H. R. 10786, by Rep. Randall, to reduce the cost to the U. S. Treasury of farm price and income stabilization programs, to provide means by which producers may balance supply with demand at a fair price, to reduce the volume and costs of maintaining Commodity Credit Corporation stocks, to provide for distribution to needy people and public institutions of additional needed high protein foods, to preserve and improve the status of the family farm through greater bargaining power; to Agriculture Committee.

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued March 15, 1960

For actions of March 14, 1960

86th-2d, No. 47

CONTENTS

Cooperatives.....	16		
Cotton.....	24		
Cranberries.....	18		
Credit unions.....	22		
Economic report.....	19		
Farm labor.....	14		
Federal aid.....	15		
Food.....	18		
Foreign affairs.....	11		
Foreign currencies.....	10		
Forestry.....	2,9,25		
Grain storage.....	12		
Inds.....	7,27		
Livestock diseases.....	3		
Marketing.....	29		
Military construction...	30		
Natural resources.....	2		
Paper.....	9		
Personnel.....	4	Sugar.....	23
Postal rates.....	5,21	Transportation.....	1,20
Puerto Rico.....	28	Water resources.....	26
Research.....	8,9	Watersheds.....	2
River basins.....	17	Wildlife.....	13
Soil conservation.....	2	Wool.....	6

HIGHLIGHTS: House committee reported bill to continue suspension of import duties on coarse wool.

SENATE

- TRANSPORTATION. Both Houses received from the President a report, "Federal Transportation Policy and Program," which was prepared by the Department of Commerce. The President's message stated that the "report identifies emerging national transportation problems, suggests a redefined Federal role in meeting these problems, and recommends certain legislative and administrative steps intended to assure the balanced development of our transportation system," and that copies of the report have been transmitted to interested executive agencies "in order that the Secretary's recommendations may be carefully considered with a view to developing appropriate administration legislative proposals and executive branch actions." pp. 4967, 5112
- NATURAL RESOURCES. Received a Calif. Legislature resolution urging the President "to permit Federal agencies to cooperate with the State of California in the use of the services of prisoners of the State in conservation programs related to forest fire protection and control, forest and watershed management, recreation, fish and game management, soil conservation, and forest and watershed revegetation." p. 4968
Sen. Murray commended the construction of a new sawmill at Philipsburg, Mont., to cut timber in nearby national forests, and inserted a newspaper article, "Philipsburg To Get \$1 Million Sawmill," stating that "Under the Forest

Service's tree harvest plan the mill will be permanently supplied with logs from the nearby area." pp. 4985-6

3. LIVESTOCK DISEASES. Sen. Carlson inserted a resolution from the Kansas and Oklahoma Swine Producers Assoc. urging Kansas State University to expand its program of research on swine diseases. p. 4969
4. PERSONNEL. Both Houses received from the Budget Bureau a proposed bill "to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence and laundry service, to civilian officers and employees of the United States"; to H. Post Office and Civil Service and S. Government Operations Committees. pp. 4968, 5112
5. POSTAL RATES. Received from the Postmaster General a proposed bill to increase postal rates; to Post Office and Civil Service Committee. p. 4968

HOUSE

6. WOOL. The Ways and Means Committee reported with amendment, H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool (H. Rept. 1390). p. 5112
7. PUBLIC LANDS. The Public Lands Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee, H. R. 9142, to provide for the payment of claims of persons who conveyed lands to the U. S. as a basis for lieu selections under the Act of June 4, 1897, and who have not heretofore received the lieu selection or a reconveyance of their lands. p. D200
The subcommittee also passed over, without prejudice, H. R. 9750, to supplement the Act of June 14, 1926, as amended, to permit any State to acquire certain public lands for recreation use, and H. J. Res. 557, to authorize the conveyance of lands to States for recreational purposes. p. D200
8. RESEARCH. Rep. Curtis, Mo., urged enactment of his bill, H. R. 4797, to encourage basic research in science by allowing a tax credit for contributions and other expenditures for such basic research, and inserted a speech made by the President of Westinghouse Electric Corp. which "pointed out that society gets a big bargain with the dollars it invests in research." pp. 5096-9
9. PAPER; FOREST RESEARCH. Rep. Boykin inserted a speech by Dick Doane, Pres. of the International Paper Co., which points out the place that the paper industry plays in the economy of the South, and the job that research is doing in helping the industry grow. pp. 5091-3
10. FOREIGN CURRENCIES. Three House Committees reported, as required by law, on their use of foreign currencies from Jan. 1, 1959 through Dec. 31, 1959. pp. 5110-2
11. SPECIAL STUDY. The Foreign Affairs Committee submitted a "Report of the Special Study Mission to Asia, Western Pacific, Middle East, Southern Europe, and North Africa" (H. Rept. 1386). p. 5112

ITEMS IN APPENDIX

12. GRAIN STORAGE. Extension of remarks of Rep. Cahill inserting an article, "Storing Insanity," and stating that it illustrates "the exorbitance" of the storage programs. pp. A2207-8

IMPORT DUTIES ON CERTAIN COARSE WOOL

MARCH 14, 1960.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HARRISON, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 9322]

The Committee on Ways and Means, to whom was referred the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

Page 1, after line 12, insert the following:

SEC. 2. (a) The first sentence of paragraph 1101(b) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b)) is amended by inserting "papermakers' felts," immediately after "press cloth,".

(b) The amendment made by subsection (a) shall be effective only with respect to wool or hair entered, or withdrawn from warehouse, for consumption, on or after the 30th day after the date of the enactment of this Act.

SEC. 3. Paragraph (5) of paragraph 1101(c) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(c)) is amended to read as follows:

"(5) the standards for determining grades of wools shall be those which are established from time to time by the Secretary of Agriculture pursuant to law and which are in effect on the date of importation of the wools."

I. PURPOSE

The purpose of H.R. 9322, as amended by your committee, is to make permanent the existing suspension of import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets, and certain other products, to add papermakers' felts to

such list of products, and to authorize the Secretary of Agriculture (pursuant to law) to establish modern standards for determining grades of wools. The Committee on Ways and Means is unanimous in recommending enactment of H.R. 9322, as amended.

II. GENERAL STATEMENT

Public Law 418, 85th Congress, provided for the suspension, until June 30, 1960, of the import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products. Until the enactment of Public Law 418, 85th Congress, paragraph 1101(b) of the Tariff Act provided for duty-free entry under bond of imports of certain wools and animal hair for use in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy-fulled lumbermen's socks, or rugs, carpets, and other floor coverings. The duty-free entry provision for carpet wools was limited to so-called unimproved wools and other (improved) wools not finer than 40s and camel's hair. Sections 1 and 2 of Public Law 418, 85th Congress, temporarily amended paragraph 1101(b) to extend the free entry privilege for a period of 2 years to wools finer than 40s but not finer than 46s.

Your committee's bill would make permanent the provisions of Public Law 418 of the 85th Congress. Your committee amended H.R. 9322 to provide that papermakers' felts would also qualify for the free-entry privilege presently accorded to rugs and carpets and the other specified products. Your committee also amended H.R. 9322 to give the Secretary of Agriculture the authority to revise the official standards of the United States for the grading of wool. Under existing law, the standards applicable to the grading of wool are those established by the Secretary of Agriculture on June 18, 1926. The proposed revision would permit the Secretary to take advantage of technological advances in the grading of wools.

In a supplemental report to your committee, the Department of Agriculture advised that with the deletion of specific reference to the standards for grading of wool promulgated by the Secretary of Agriculture on June 18, 1926—

the practical forms of standards promulgated as of that date would still continue to be used after the deletion because they would be the only ones established by the Secretary pursuant to law as of this time.

The Department of Agriculture also advised your committee that, should it promulgate modified standards, the procedures it would follow—

will give all other Government departments and bureaus, the domestic wool trade, the domestic wool-producing industry, the domestic wool-textile industries, foreign exporters of wool into the United States, and all others having any interest ample and full opportunity to present their views and consult with the Department concerning the proposed changes well in advance of any final determinations made by the Department. Since it is the intent of the Department to promulgate standards which would serve the best interests of all segments of the industry and the marketing of wool generally it has

always been and will continue to be the policy and the practice of the Department to consult with all interested parties to the extent necessary for the development of the best possible standards for wool.

In this connection, your committee emphasizes that it is essential that the Treasury Department be given an opportunity to work out with the Department of Agriculture in the preparatory stages any customs administrative problems which might be suggested by any contemplated new standards for the grading of imported wool. It is the further understanding of your committee that such questions should be resolved before the publication of proposed standards in the Federal Register or elsewhere. By such advanced consultation, your committee expects that delays in the releasing of imported wool and in the determination of its tariff classification and the amount of duty due that might otherwise arise as a result of the promulgation of revised standards, would be avoided. Your committee has included section 3 in the bill, as reported, with the understanding that the Treasury Department will be adequately consulted during the preparation of the standards and before any proposed standards are published in the Federal Register or elsewhere.

Need for legislation

Public Law 418, 85th Congress, arose out of the need of the domestic carpet industry for additional supplies of imported coarse wools at competitive world prices so as to enable the domestic carpet industry to compete more successfully with foreign producers of carpets in the American market.

Congress intended paragraph 1101(b) of the Tariff Act of 1930 to provide the domestic carpet industry with duty-free access to foreign supplies of the types of wool that the industry would be likely to use. Congress further recognized this when they exempted the carpet industry from the added protection of a specific duty on carpets which is given to all other domestic industries which pay duty on imported wool.

Prior to World War II the world supply of carpet wools, through the importation of name wools and coarse grades up to 40s, was sufficient to meet the needs of the domestic carpet industry. However, a number of developments since World War II resulted in restricting the availability of the necessary wool to the domestic carpet industry, so that for the past several years and at the present time our domestic industry has been and is faced not only with inability to obtain the necessary supplies but also with mounting imports of carpets of foreign manufacture. Developments arising out of and following World War II disrupted U.S. trade with former sources of supply, particularly Communist China and Tibet. Section 5(b) of the Trading With the Enemy Act, as amended, contains the basic authority under which imports from Communist China and the U.S.S.R. are banned. Also, some of the countries that have been important producers of unimproved wools have taken measures to restrict their wool exports with a view to conserving the supplies for their own domestic industries. Practically all countries which have wool industries have made attempts to improve their breeds of sheep with the result that there has been an overall trend toward the finer wools, which are not coarse or resilient enough for carpet and rug manufacture; this trend further

continues to reduce the available supply of carpet-grade wools. The volume of unimproved wools entering international trade has been much smaller than consumption. The worldwide shortage of carpet-grade wools has forced manufacturers in other countries to utilize wools finer than 40s, notably in the 40s-46s range. Information presented to your committee indicates these grades of wool are not as satisfactory as the coarser grade but they are being used by foreign manufacturers, particularly in Belgium, England, Japan, France, and certain other countries, and thus provide a decided advantage to those carpet industries over the U.S. carpet industry in the American market.

In short, convincing evidence has been presented to your committee that the domestic carpet industry is faced with a squeeze, which has placed it in a very adverse position competitively since, on the one hand, it cannot obtain economically the raw-wool supplies which it needs in order to compete and, on the other hand, it faces increasing competition in its finished wool carpets from countries in which the carpet manufacturers can obtain less expensive raw wool and thereby produce such carpets at a lower cost. In the absence of a continuation of the suspension of the duty on carpet-grade wools, as provided for in your committee's bill, foreign carpet manufacturers will continue to enjoy a competitive advantage over domestic carpet producers.

Report of the U.S. Tariff Commission under the provisions of section 332 of the Tariff Act of 1930

Public Law 418, 85th Congress, provided for a 2-year suspension of the duties on these coarse wools. H.R. 2151 of the 85th Congress (which ultimately became Public Law 418), as originally introduced, provided for the permanent extension of the duty-free privilege. Your committee amended this bill so as to limit the extension to a 3-year period for the purpose of enabling a review of the situation at the end of that period. The Committee on Finance of the Senate reported the bill out with an amendment reducing the 3-year period to 2 years. In its report, the Committee on Finance stated that it had requested the U.S. Tariff Commission, pursuant to the provisions of section 332 of the Tariff Act of 1930—

to make a study of the grades and qualities of wool imported into the United States for use in the manufacture of carpets and of papermakers' felts and of domestic wools which are similar in grade and character—

and to submit such a report on or before September 30, 1959. The Committee on Finance also noted that such a report would be available prior to the opening of Congress in 1960, so that complete information could be available to the Congress prior to the expiration of the effective date of the bill which was June 30, 1960.

The above-referred to report was completed by the U.S. Tariff Commission and was submitted to your committee as part of the Tariff Commission's informative report on H.R. 9322. In this report the Commission notes that—

Virtually all of the wool used by the U.S. carpet industry is imported. The wools grown in this country, which are used principally for apparel purposes, are improved wools primarily

of grades finer than 46s—grades that have not been used by the carpet industry. Of the little coarse wool (not finer than 46s) produced in the United States, virtually none is used by the carpet industry, primarily because it is higher priced than comparable imported wools that enter free of duty for use in carpets.

This report also pointed out that U.S. imports of wool for carpet use averaged 129 million pounds annually in 1956–58 and amounted to 123 million pounds in 1958. With respect to domestic production of comparable wools, the report says that—

The Commission believes that not more than 2 million pounds were of grades 46s and coarser.

Furthermore, even though domestic supplies of these wools are extremely limited, they do not compete with imports in carpet uses. On this point, the Commission's report says the following:

Virtually all of the coarse wool grown in the United States, like other wool produced here, is used for articles in which the foreign wool with which it competes is dutiable. The domestic wool accounts for much less than the total requirements for wool in those articles. Practically none of the domestic wool, therefore, is available for use in carpets, where the foreign wool with which it would have to compete is duty free.

With respect to the question of competition between the carpet and papermaker felt industry in the market for the coarse wools that presently enjoy duty-free treatment, the Commission had this to say:

The delivered cost of imported coarse wools in the United States is higher to producers of papermakers' felts than to producers of carpets, not only because the wool used in making felts is usually of better quality than that used in making carpets, but also because a tariff duty is applicable to wools used in felts and not to those used in carpets. Although wools used in making felts are usually of higher quality than those used for making carpets, there is some overlap, particularly with respect to New Zealand 44s and 46s. In purchasing their wool in New Zealand the buyers for producers of papermakers' felts sometimes compete with the buyers for carpet manufacturers for the same types of wool.

In consideration of this competitive situation, your committee amended H.R. 9322 to provide that papermakers' felts would be eligible for the privilege of duty-free importation of these wools.

All segments of industry in support of bill

In the public hearings held by your committee, all segments of the wool industry, including the carpet industry, the papermakers' felt industry, the woolgrowers, and the wool trade, indicated their support for your committee's bill, as amended. Your committee's amendment relating to the establishment of standards for the grading of wool was recommended to your committee by the Department of Agriculture and by the domestic woolgrowers.

Your committee received favorable reports on H.R. 9322, as amended, from the Departments of the Treasury, Labor, State, Commerce, and Agriculture and an informative report from the U.S. Tariff Commission.

Your committee is unanimous in recommending the enactment of H.R. 9322.

III. TECHNICAL EXPLANATION OF THE BILL

Import duties on certain coarse wools

Paragraph 1101(b) of the Tariff Act of 1930 provides for free entry under bond of imports of certain wools and animal hair for use in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy fulled lumbermen's socks, rugs, carpets, or any other floor coverings. The imported wools for which such free entry was provided before the amendment made by Public Law 85-418, approved May 19, 1958, are those which (if used in products other than those specified) are dutiable under paragraph 1101(a) of the Tariff Act of 1930. These wools consist of so-called unimproved wools and other (improved) wool not finer than 40s and camel's hair.

Public Law 85-418 amended paragraph 1101(b) of the Tariff Act of 1930 by adding to the wools permitted duty-free importation under bond for the specified uses, wools finer than 40s but not finer than 46s. The amendment also included a proviso that a tolerance of not more than 10 percent of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s.

Under section 2 of Public Law 85-418, the amendments referred to above apply only with respect to wool entered, or withdrawn from warehouse, for consumption during the period beginning on July 18, 1958, and ending at the close of June 30, 1960. The first section of H.R. 9322, as reported, in effect strikes out the termination date, thus making permanent the amendments made by Public Law 85-418.

Papermakers' felts

As explained above, paragraph 1101(b) of the Tariff Act of 1930 provides for free entry under bond of imports of certain wools and animal hair for use in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy fulled lumbermen's socks, rugs, carpets, or any other floor coverings. Subsection (a) of section 2 of the bill, as reported, adds "papermakers' felts" to this list.

A papermakers' felt is a blanketlike fabric in the form of a long endless belt used in a papermaking machine to carry thin layers of wet pulp through successive series of rollers in the machine as the water is extracted. Papermakers' felts may be manufactured by forming an endless belt without splicing or by producing fabric and making papermakers' felts by forming an endless belt by splicing the fabric. Thus the production of the fabric from which papermakers' felts are frequently manufactured by splicing does not (in the absence of the final step of splicing into an endless belt) constitute the manufacture of papermakers' felts.

Under existing provisions of paragraph 1101(b) of the Tariff Act of 1930 and the regulations thereunder which will become applicable to papermakers' felts, the fabrics could be manufactured under the bond of one manufacturer and thereafter spliced into complete paper-

makers' felts under the bond of another manufacturer; but, if the process is not carried through to the final state of endless belt papermakers' felts in the factory of one or more firms operating under paragraph 1101(b), the provision for duty-free treatment will not apply.

Under subsection (b) of section 2 of the bill, as reported, the amendment made by section 2(a) is to be effective only with respect to wool or hair entered, or withdrawn from warehouse, for consumption (i.e., for use in the manufacture of papermakers' felts), on or after the 30th day after the date of the enactment of the bill.

Standards for determining grades of wools

Under existing paragraph (5) of paragraph 1101(c) of the Tariff Act of 1930, as amended, the standards for determining the grade of wools for purposes of schedule 11 (relating to wool and manufactures of wool) of the dutiable list of the Tariff Act of 1930, as amended, are the "Official Standards of the United States for grades of wool as established by the Secretary of Agriculture on June 18, 1926, pursuant to law."

Section 3 of the bill, as reported, amends paragraph (5) to provide that the standards for determining grades of wools shall be those—

(1) which are established from time to time by the Secretary of Agriculture pursuant to law, and

(2) which are in effect on the date of importation of the wools.

The act of May 17, 1926 (7 U.S.C., secs. 415b–415d) and sections 203 and 205 of the Agricultural Marketing Act of 1946 (7 U.S.C., secs. 1622, 1624) authorize the Secretary of Agriculture to establish standards for determining grades of wools. However, since the standards established on June 18, 1926, are now in effect these standards will continue in effect until changed under the authority of paragraph (5) and the provisions of law referred to above.

While the laws referred to above do not impose any special procedural requirements for establishing or changing standards, the rule-making provisions of the Administrative Procedure Act (5 U.S.C., sec. 1003) are applicable to changes in grade standards. Thus, for example, notice of proposed changes is required to be published in the Federal Register, interested persons must be afforded an opportunity to present data, views, and arguments, and (except for good cause found and published with the rules) publication of the standards are required to be made not less than 30 days before the effective date.

IV. CHANGES IN EXISTING LAW MADE BY THE BILL, AS INTRODUCED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF MAY 19, 1958 (PUBLIC LAW 85-418; 72 STAT. 120)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of paragraph 1101(b) of the Tariff Act of 1930, as amended (19 U.S.C. sec. 1001, par. 1101 (b)) is amended—

(1) by inserting after the word "foregoing" the following: "and all other wools of whatever blood or origin not finer than 46s"; and

(2) by inserting before the period at the end thereof a colon and the following: "*Provided*, That a tolerance of not more than 10 per centum of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s".

SEC. 2. The amendments made by this Act shall be effective only with respect to wool entered, or withdrawn from warehouse, for consumption, [during the period beginning on the sixtieth day after the date of the enactment of this Act and ending at the close of June 30, 1960] *on or after the sixtieth day after the date of the enactment of this Act.*

* * * * *

V. CHANGES IN EXISTING LAW MADE BY SECTIONS 2 AND 3 OF THE BILL, AS REPORTED

For the information of the Members of the House, changes in existing law made by sections 2 and 3 of the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in roman):

PARAGRAPH 1101 OF THE TARIFF ACT OF 1930, AS AMENDED
(19 U.S.C., SEC. 1001, PAR. 1101)

TITLE I—DUTIABLE LIST

SECTION 1. That on and after the day following the passage of this Act, except as otherwise specially provided for in this Act, there shall be levied, collected, and paid upon all articles when imported from any foreign country into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam) the rates of duty which are prescribed by the schedules and paragraphs of the dutiable list of this title, namely:

* * * * *

SCHEDULE 11.—WOOL AND MANUFACTURES OF

PAR. 1101. (a) Wools: Donskoi, Smyrna, Cordova, Valparaiso, Ecuadorean, Syrian, Aleppo, Georgian, Turkestan, Arabian, Bagdad, Persian, Sistan, East Indian, Thibetan, Chinese, Manchurian, Mongolian, Egyptian, Sudan, Cyprus, Sardinian, Pyrenean, Oporto, Iceland, Scotch Blackface, Black Spanish, Kerry, Haslock, and Welsh Mountain; similar wools without merino or English blood; all other wools of whatever blood or origin not finer than 40s; and hair of the camel; all the foregoing, in the grease or washed, 24 cents per pound of clean content; scoured, 27 cents per pound of clean content; on the skin, 22 cents per pound of clean content; sorted, or matchings, if not scoured, 25 cents per pound of clean content: *Provided*, That a tolerance of not more than 10 per centum of wools not finer than 44s may be allowed in each bale or package of wools imported as not finer than 40s.

(b) Any of the foregoing and all other wools of whatever blood or origin not finer than 46s may be entered or withdrawn from warehouse without the payment of duty by a manufacturer, processor, or dealer upon the filing of a bond to insure that any wool or hair entered or withdrawn thereunder shall be used only in the manufacture of press cloth, *papermakers' felts*, camel's hair belting, knit or felt boots, heavy fulled lumbermen's socks, rugs, carpets, or any other floor coverings: *Provided*, That a tolerance of not more than 10 per centum of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s. A manufacturer, processor, or dealer may be relieved of liability under his bond with respect to any wool or hair so entered or withdrawn which is transferred in its imported or any other form to another manufacturer, processor, or dealer who has filed a bond to insure that the merchandise so transferred shall be used only in the manufacture of the above-enumerated articles. If any wool or hair so entered, withdrawn, or transferred under bond is used or transferred for use in its imported or any other form in any manner otherwise than in the manufacture of the articles enumerated above, there shall be levied, collected, and paid on the merchandise so used or transferred in violation of the bond the regular duties which would apply to such merchandise if imported in its condition at the time of such use or transfer. Such duties shall be paid by the manufacturer, processor, or dealer whose bond is charged with the wool or hair at the time of such use or transfer; but such duties shall not be levied or collected on any merchandise (except white soft wastes, white threads and noils, which shall be dutiable at seven-eighths of such regular duties when used or transferred for use otherwise than in the manufacture of the enumerated articles) resulting in the usual course of manufacture of such enumerated manufactured articles which cannot be used (with or without further preparation) in the usual course of the manufacture of such enumerated articles, or which is exported or destroyed. When any wool or hair which has been entered or withdrawn under bond as provided for in this subparagraph is used or transferred for use, in its imported or any other form, otherwise than in the manufacture of the above-enumerated articles and prior to such use or transfer there shall have been combined or mixed with such wool or hair any other merchandise, the whole or the combination or mixture shall be presumed to be composed of wool or hair entered or withdrawn under bond, as provided for in this subparagraph, unless the manufacturer, processor, or dealer liable for the payment of the duties shall establish the quantity of bonded wool or hair in such combination or mixture. Every manufacturer, processor, or dealer who has given a bond pursuant to the provisions of this subparagraph shall report any use or transfer of merchandise in violation of the terms of his bond, within thirty days after such use or transfer, to the collector of customs in whose district the bond is filed; and for failure to so report, such manufacturer, processor, or dealer shall be liable to a penalty equal to the value of the merchandise so used or transferred at the time and place of such use or transfer. Such penalty shall be in addition to the duties above provided for. The Secretary of the Treasury is authorized to prescribe such regulations and the form, conditions, and amounts of such bonds as may be necessary to carry into effect the provisions of this subparagraph.

(c) For the purposes of this schedule:

(1) Wools and hair in the grease shall be considered such as are in their natural condition as shorn from the animal, and not cleansed otherwise than by shaking, willowing, or burr-picking;

(2) washed wools and hair shall be considered such as have been washed, with water only, on the animal's back or on the skin, and all wool and hair, not scoured, with a higher clean yield than 77 per centum shall be considered as washed;

(3) scoured wools and hair shall be considered such as have been otherwise cleansed (not including shaking, willowing, burr-picking, or carbonizing);

(4) sorted wools or hair, or matchings, shall be wools and hair (other than skirtings) wherein the identity of individual fleeces has been destroyed, except that skirted fleeces shall not be considered sorted wools or hair, or matchings, unless the backs have been removed; and

[(5) the Official Standards of the United States for grades of wool as established by the Secretary of Agriculture on June 18, 1926, pursuant to law, shall be the standards for determining the grade of wools.]

(5) the standards for determining grades of wools shall be those which are established from time to time by the Secretary of Agriculture pursuant to law and which are in effect on the date of importation of the wools.



Union Calendar No. 598

86TH CONGRESS
2D SESSION

H. R. 9322

[Report No. 1390]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1960

Mr. HARRISON introduced the following bill; which was referred to the Committee on Ways and Means

MARCH 14, 1960

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Insert the part printed in *italic*]

A BILL

To make permanent the existing suspension of duties on certain coarse wool.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2 of the Act entitled "An Act to provide for
4 the temporary suspension of the import duties on certain
5 coarse wool, and to provide additional time for the Tariff
6 Commission to review the customs tariff schedules", ap-
7 proved May 19, 1958 (Public Law 85-418; 72 Stat. 120),
8 is amended by striking out "during the period beginning on
9 the sixtieth day after the date of the enactment of this Act
10 and ending at the close of June 30, 1960" and inserting

1 in lieu thereof "on or after the sixtieth day after the date of
2 the enactment of this Act".

3 *SEC. 2. (a) The first sentence of paragraph 1101(b) of*
4 *the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b))*
5 *is amended by inserting "papermakers' felts," immediately*
6 *after "press cloth,".*

7 *(b) The amendment made by subsection (a) shall be*
8 *effective only with respect to wool or hair entered, or with-*
9 *drawn from warehouse, for consumption, on or after the*
10 *30th day after the date of the enactment of this Act.*

11 *SEC. 3. Paragraph (5) of paragraph 1101(c) of the*
12 *Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(c))*
13 *is amended to read as follows:*

14 *"(5) the standards for determining grades of wools*
15 *shall be those which are established from time to time*
16 *by the Secretary of Agriculture pursuant to law and*
17 *which are in effect on the date of importation of the*
18 *wools."*

86TH CONGRESS
2D Session

H. R. 9322

[Report No. 1390]

A BILL

To make permanent the existing suspension of
duties on certain coarse wool.

By Mr. HARRISON

JANUARY 6, 1960

Referred to the Committee on Ways and Means

MARCH 14, 1960

Reported with an amendment, committed to the Com-
mittee of the Whole House on the State of the
Union, and ordered to be printed

Enrolled in H. R. 9322

(Enrolled in H. R. 9322)

A BILL

to amend the Internal Revenue Code of 1954 to provide for the taxation of certain income from the sale of certain property

IN SENATE

January 10, 1955

REPORT

OF THE COMMITTEE ON FINANCE
UNITED STATES SENATE

function the presence of any pesticide chemical that had been applied after harvest (H. Rept. 1468). p. 7361

17. WOOL. Passed as reported H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool and to authorize the Secretary to revise the official standards of the U. S. for the grading of wool. pp. 7358-9
18. ATOMIC ENERGY. The Joint Committee on Atomic Energy voted to report (but did not actually report) to the Senate and House, respectively, clean bills in lieu of S. 3084 and H. R. 10656, the Atomic Energy Commission authorization bills for 1961. p. D296
19. PERSONNEL. Concurred in the Senate amendment to H. R. 3472, to repeal Section 1505 of the Social Security Act so that in determining eligibility of Federal employees for unemployment compensation their accrued annual leave shall be treated in accordance with State laws (pp. 7352-3). This bill will now be sent to the President.
20. ST. LAWRENCE SEAWAY. Both Houses received from the President a report on the activities of the St. Lawrence Seaway Development Corporation for the year ending Dec. 31, 1959. pp. 7295-7354
21. INVESTIGATIONS. Rep. Hoffman criticized a subcommittee of the Government Operations Committee for "using money for political purposes" and "making trouble for the departments." p. 7356
22. INTEREST RATE. Rep. Patman called the failure of a recent 4½% 25-year bond issue to sell "a success" and claimed the Treasury Department made it fail in an attempt to get Congress to repeal the present 4½% restriction. pp. 7359-60

ITEMS IN APPENDIX

23. TAXATION. Extension of remarks of Sen. Wiley inserting his recent radio address stressing the need for a "Hoover-type commission" for an overhauling of the tax system. pp. A3141-2
24. ELECTRIFICATION. Extension of remarks of Sen. Bartlett inserting an address describing the vast undertaking in the development of the Rampart hydroelectric project on the Yukon River. pp. A3142-3
25. INTEREST RATES. Extension of remarks of Sen. Keating inserting an editorial in support of the President's position in calling for the removal of the interest rate ceiling on long-term Treasury bonds. p. A3144
Extension of remarks of Rep. Byrnes urging immediate legislative action to repeal the "archaic 4½-percent interest rate ceiling." pp. A3156-7
26. FORESTRY. Extension of remarks of Sen. Engle urging the conference committee to provide adequate funds for forest fire prevention and inserting an article, "Cut the Fire Toll In U. S. Forests." p. A3151
Extension of remarks of Rep. Whitener discussing a forestry demonstration program held in Shelby, N. C., and inserting an address by Undersecretary Morse, "Forests and Rural Development." pp. A3173-4
27. LIBRARY SERVICES. Extension of remarks of Rep. Schwengel inserting statements by the President and Vice-President in connection with the observance of National Library Week. pp. A3151-2

28. UNEMPLOYMENT. Extension of remarks of Rep. Flood inserting tables which show the employment and unemployment in surplus labor markets for the New England and Northeastern States. pp. A3154-5
29. FARM PROGRAM. Rep. Dorn inserted a resolution adopted by the Independent Farmers of Ohio urging repeal of the Agricultural Adjustment Act as amended and "that simultaneously the accounts of the CCC be frozen pending the orderly liquidation of the corporation." p. A3162
30. DAIRY INDUSTRY. Extension of remarks of Rep. Steed inserting Rep. Roosevelt's speech before the annual convention of the National Independent Dairy Association in which he discussed small business problems in the dairy industry and his proposed bill designed to prevent the integration of food distribution through the operations of large chain retail food organizations. pp. A3163-4
31. FARM LABOR. Extension of remarks of Rep. Pelly expressing his belief "that there is an opportunity to improve the lot of the American migratory farm-worker," and inserting an address by Secretary of Labor Mitchell on this subject. pp. A3175-6
32. GRAIN STORAGE. Extension of remarks of Rep. Burdick inserting a resolution adopted by "interested parties" at a factfinding meeting recommending "a 1-year moratorium on the announced arbitrary rates and on any proposed change in the present uniform storage agreement." pp. A3184-5

BILLS INTRODUCED

33. SUGAR. H. R. 11687, by Rep. Rogers, Tex., to eliminate acreage allotments for sugar beets; to Agriculture Committee.
- H. R. 11688, by Rep. Rogers, Tex., to amend the Sugar Act of 1948 to increase sugar quotas for domestic producers; to Agriculture Committee.
- H. R. 11689, by Rep. Rogers, Tex., to amend the Sugar Act of 1948 to provide that future increases in sugar quotas will be allocated to domestic beet sugar producers in a manner which will assure new growers a fair share of such increases; to Agriculture Committee.
34. REGULATORY AGENCIES. S. 3359, by Sen. Proxmire, to amend the Administrative Procedure Act to provide for the public disclosure of certain congressional communications relating to proceedings conducted by administrative agencies; to Judiciary Committee. Remarks of author. p. 7299

HOUSE cont'd

35. FOREIGN AID. As reported by the Foreign Affairs Committee (see Digest 64), H. R. 11510, to extend the mutual security program, includes the following provisions: Requires that at least \$175,000,000 (same amount as in last year's act) of mutual security funds be used to finance the sale for foreign currencies of surplus agricultural commodities. Authorizes \$2,000,000 (last year's appropriation was \$2,300,000) for ocean freight to move supplies donated to and by American voluntary agencies. Amends Public Law 480 to enable the U. S. to undertake longer term programs (including work projects and education), in countries with low food consumption and high underemployment, which will be paid for in part by surplus agricultural commodities. Directs the President to administer assistance under this act so as to eliminate international boycotts, blockades, and the restriction of the use of international waterways. Authorizes use of local currencies for loans to small farmers,

returned at each election since, usually without opposition in either the primary or general elections.

For me to attempt to elaborate on the many honors which have been bestowed upon him during the time he has served here so faithfully and so well, and to attempt to point out the many services he has rendered his district, State, and Nation would be like attempting to "gild the lily," so in closing may I just say that on this 11th day of April we salute a great guy, and pray that God, in His infinite wisdom, may preserve and keep this great American and his wonderful helpmate, "Miss Ida," for many years, that we all may continue to enjoy his friendship and wise counsel which grows increasingly valuable with the years.

Mr. TABER. Mr. Speaker, I wish to join the gentleman from Missouri [Mr. JONES] in felicitating the gentleman from Missouri [Mr. CANNON] on his birthday. He has been doing a remarkable job this year, as he has over a number of years past, in trying to keep down and keep out the unnecessary expenditures of the Federal Government. I think that that is probably as much of a job as anybody can successfully tackle. That he is doing it and doing it as well as he has bespeaks the sincere respect and admiration in which he is held by the members of the committee and by the Members of the House. I hope that he will have very many happy returns of the day.

Mr. RAYBURN. Mr. Speaker, I want to join my colleagues in wishing the gentleman from Missouri [Mr. CANNON] many happy returns of the day. He is a great servant of the American people, a great chairman of a great committee, and a man whose lifelong dedication to the service of his country will be an inspiration to all down through the corridors of time.

His contributions in the field of parliamentary law alone would have been the hallmark of a great career, but these are just one phase of this devoted man's labors in his country's behalf for nearly half a century.

For my great friend in the years ahead I wish all good health and happiness that he may continue his great service to all the people.

Mr. JONES of Missouri. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER. This is District of Columbia day. The Chair recognizes the gentleman from Florida [Mr. MATTHEWS].

PLAZA OF THE AMERICAS

Mr. MATTHEWS. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 11415) to provide for the designation of a portion of the District of Columbia

as the "Plaza of the Americas," and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the portion of the District of Columbia located between Constitution Avenue and C Street, Northwest, and between Nineteenth and Seventeenth Streets, Northwest, is hereby designated as "Plaza of the Americas."

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MATTHEWS. I will be delighted to yield to the gentleman from Iowa.

Mr. GROSS. Will the gentleman state whether this bill will cost anything now or in the future?

Mr. MATTHEWS. I will say to the gentleman from Iowa that the bill will not cost anything now or in the future, and I would be very disappointed if this bill is used as a background to try to get any money for any purpose in the future.

Mr. GROSS. Well, it is not a question of the gentleman's disappointment altogether. It would be a disappointment, I am sure, to the other Members of the House and to the taxpayers at large if we were to pass here a bill that would call for some more spending, as some of these bills do indirectly. So, I hope the gentleman can give the House assurance that this bill, by virtue of its passage, is not going to cost any money today or in the future.

Mr. MATTHEWS. I will say to the gentleman that certainly in my opinion about this matter this bill will not cost any money. If the gentleman will permit me I would like to make a brief statement in explanation of the bill.

Mr. Speaker, this bill was introduced by the distinguished gentleman from Alabama [Mr. SELDEN] who, as the House knows, is the chairman of the subcommittee of the House Committee on Foreign Relations that deals with inter-American affairs. The gentleman from Alabama felt that things of the spirit are eternally important, and oftentimes, in thinking what we can do to cement relations with our friends from Alabama felt that things of the spirit. So, it was his idea that we take a certain area of the District of Columbia and call it the Plaza of the Americas to emphasize our concern for and our interest in the Latin American republics.

Now, Mr. Speaker, the purpose of this legislation is to designate an area bounded by Constitution Avenue on the south, C Street, NW., on the north and from 17th Street to 19th Street as the "Plaza of the Americas."

Within these two blocks are concentrated a number of monuments to inter-American friendship and cooperation. On the corner of 17th Street and Constitution Avenue stands the magnificent Pan American Union Building, seat of the Organization of American States and center of many of the dramas that

have highlighted the American Republics' 70-year efforts to attain peace and justice in the Western Hemisphere through cooperative endeavors. Behind the Pan American Union Building stands the new Pan American Administration Building which houses the Secretariat of the Organization of American States.

Also within this area are statutes of Simon Bolivar, great liberator of the northern states of South America and Jose Artigas, the national hero of Uruguay.

This legislation has the strong support of the Pan American Liaison Committee of Women's Organizations, which is engaged in effectively furthering inter-American understanding and good will.

At a hearing before a subcommittee of the House District Committee on April 1 Hon. ARMISTEAD I. SELDEN, JR., a Member of Congress from the State of Alabama, who is a member of the Foreign Affairs Committee of the House and also chairman of the Subcommittee on Inter-American Affairs, testified and strongly urged the passage of this legislation and emphasized that the naming of this area as the "Plaza of the Americas" would be a symbol of U.S. friendship and a fitting tribute and durable demonstration of the esteem in which we hold our sister Republics.

Hon. David B. Karrick, the acting president of the Board of Commissioners of the District of Columbia, also appeared at this hearing and stated that the Commissioners of the District believe that the designation of the area described in this bill as the "Plaza of the Americas" is appropriate and desirable and recommended the enactment of such legislation.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MATTHEWS. I am delighted to yield to the gentleman.

Mr. GROSS. Will this area include block 59 which was authorized for purchase by the House a few days ago at a cost of \$879,000 on which, if the other body gives its consent, there will be constructed apparently a new multimillion-dollar Pan American building?

Mr. MATTHEWS. It is my understanding it will not include that particular building about which the gentleman is talking.

Mr. GROSS. Then this will not be the Plaza of the Americas; will it?

Mr. MATTHEWS. Yes, sir; I believe it will. Naturally they are not trying to set the limit within which all things pertaining to Latin America would be included. But this comparatively small area will have such substance in the composition of these Latin American buildings and statues and sentiments that I think very definitely it could properly be called the Plaza of the Americas.

Mr. GROSS. I am pleased to hear that there is one building dealing with the South American countries here that is not going to cost us any money.

Mr. MATTHEWS. I thank the gentleman.

(Mr. SELDEN (at the request of Mr. MATTHEWS) was given permission to ex-

tend his remarks at this point in the RECORD.)

Mr. SELDEN. Mr. Speaker, last Wednesday we heard President Lleras Camargo of Colombia say eloquently of the 21 American republics:

Whatever may happen, we are, above all, members of the most ancient regional community in existence, partners in the most effective enterprise for the elimination of war, for collective defense and peaceful cooperation.

It was this sentiment of respect for our inter-American community which I hoped to embody in the bill now under consideration.

Here in Washington we are privileged to have the core of the unique regional organization of which President Lleras Camargo spoke. Inside the Pan American Union Building on 17th and Constitution Avenue and its companion building, the Pan American Administration Building, representatives of the 21 American nations meet regularly to advance our common goals of hemisphere peace and well-being.

This measure, if enacted, would designate as the "Plaza of the Americas" that portion of the Nation's Capital which encompasses the Pan American Union Building, the Pan American Administration Building, and the statues of the Latin American heroes, Simon Bolivar and Jose Artigas.

I have received a letter from Dr. Jose Mora, the Secretary-General of the Organization of American States, in which he states:

I hope very much that your proposal may be favorably received by the Congress. The name you have suggested would not only serve to remind the citizens of Washington and visitors to the city of the strong ties uniting the United States with its neighbors to the south, but would also be a distinct tribute to our regional organization, which this year celebrates, as you know, its 70th anniversary.

I would like to commend the chairman of the District of Columbia Committee, Representatives McMILLAN, and Representative BILLY MATTHEWS, chairman of the subcommittee, for the courteous and expeditious manner in which they handled this legislation.

I hope Congress will agree that a Plaza of the Americas at the site indicated in this legislation would be a fitting tribute to our sister republics and a demonstration of the esteem in which we hold them.

(Mr. FASCELL (at the request of Mr. MATTHEWS) was given permission to extend his remarks at this point in the RECORD.)

Mr. FASCELL. Mr. Speaker, it is with great pleasure that I rise in support of this legislation, which I was privileged to cosponsor, providing for the designation of the "Plaza of the Americas" in downtown Washington, D.C.

Those of us privileged to serve on the Inter-American Affairs Subcommittee of the Committee on Foreign Affairs are particularly interested in the passage of this bill as another manifestation of our respect for the people and nations of the Americas.

Without question, there is greater need today than ever before for the preservation of the solid bond of friendship between the United States and her great neighbor nations to the South. We have enjoyed, and are enjoying, growing friendship; but at no time in history has there been a stronger effort from the outside to divide us.

Passage of the bill before us today would, I believe, show to the world the high esteem in which we hold our neighbors in the Americas, and would be another gesture by which we could strengthen the bonds of friendship in existence today.

It is entirely fitting that the District of Columbia should have within its boundaries an area designated as the "Plaza of the Americas." It is my sincere hope that all Members of Congress will join in warm endorsement of this proposal.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

IMPORT DUTIES ON CERTAIN COARSE WOOL

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, which was reported unanimously by the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Mr. Speaker, reserving the right to object, I trust the gentleman is going to explain this bill.

Mr. MILLS. I shall be glad to.

Mr. GROSS. Mr. Speaker, with that understanding, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to provide for the temporary suspension of the import duties on certain coarse wool, and to provide additional time for the Tariff Commission to review the customs tariff schedules", approved May 19, 1958 (Public Law 85-418; 72 Stat. 120), is amended by striking out "during the period beginning on the sixtieth day after the date of the enactment of this Act and ending at the close of June 30, 1960" and inserting in lieu thereof "on or after the sixtieth day after the date of the enactment of this Act."

[Mr. MILLS addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. MILLS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, that the gentleman from Wis-

consin [Mr. BYRNES] be permitted to extend his remarks at this point in the RECORD, and that the author of the bill also have that privilege.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, the legislation which has just been approved by the House, H.R. 9322, was reported favorably to the House by the unanimous action of the membership of the Committee on Ways and Means.

The purpose of this legislation as amended by the committee is to make the existing suspension of import duties on certain coarse wools brought into the United States under bond a permanent suspension. The types of wools covered in the act are certain wools used in the manufacture of rugs and carpets, in the manufacture of papermakers' felts, and in the manufacture of certain other products. In addition, the legislation would authorize the Secretary of Agriculture to establish modern standards for determining grades of wool.

It will be recalled that the original suspension of duty on coarse wools imported into the United States for use in the manufacture of carpets and rugs was approved on May 19, 1958. That legislation excluded papermakers' felts as one of the end uses for which these coarse wools could be imported under the suspension. Objection was made to the legislation in that form because it served to discriminate against other American industries that were competitive buyers with the carpet industry for available supplies of the types of wool covered by the legislation. We have now succeeded in removing this discrimination from the proposal by including the end use of papermakers' felts and therefore there was no opposition presented to the Committee on Ways and Means to the broadening of the scope of the suspension and to making the suspension permanent.

I should be noted that one of the primary objectives of this legislation is to make raw materials not produced in the United States available to our domestic manufacturers so as to improve the competitive position of domestic products in the United States and in world markets.

Mr. HARRISON. Mr. Speaker, our distinguished chairman has set forth succinctly the purposes of, and justification for, this legislation.

The various affected groups have cooperated fully in framing appropriate language, and I have been happy to sponsor a bill which not only can contribute to the economic welfare of a substantial number of experienced and efficient Virginia craftsmen in the carpet industry but contains also a provision recommended by domestic woolgrowers in the interest of orderly modernization of wool standards.

The SPEAKER. The Clerk will report the committee amendment.

The Clerk read the committee amendment, as follows:

Page 1, after line 12, insert the following: "Sec. 2. (a) The first sentence of paragraph 1101(b) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b)) is amended

by inserting 'papermakers' felts,' immediately after 'press cloth,'.

"(b) The amendment made by subsection (a) shall be effective only with respect to wool or hair entered, or withdrawn from warehouse, for consumption, on or after the 30th day after the date of the enactment of this Act.

"Sec. 3. Paragraph (5) of paragraph 1001(c) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(c)) is amended to read as follows:

"(5) the standards for determining grades of wools shall be those which are established from time to time by the Secretary of Agriculture pursuant to law and which are in effect on the date of importation of the wools."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may extend his remarks in two instances at this point in the body of the RECORD and include extraneous matter, and also that the gentleman from Michigan [Mr. DINGELL] may extend his remarks at this point in the body of the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

THE TREASURY SOLD LESS BONDS AT 4¼ PERCENT THAN IT SAYS IT HOPED TO SELL, IN WHICH CASE THE PUBLIC WON A VICTORY

Mr. PATMAN. Mr. Speaker, the financial writers and many of the newspapers are now saying that the Treasury's issue of a 25-year, 4¼-percent bond last week was a failure, and Congress will have to repeal the 4¼-percent interest-rate ceiling after all.

I say that the issue was a great success, because the public was not saddled with anything like the amount of 4¼-percent bonds it might have been saddled with. The Treasury's peculiar handling of this issue, which helped to make it a failure, and Wall Street's boycott of the issue, resulted in a public victory.

FAILURE ARRANGED TO IMPRESS CONGRESS?

The point has been made that the Treasury permitted only 3 working days between the announcement of this bond and the date when it closed its books. It thus afforded no opportunity for consideration by the many pension funds and mutual funds that have to hold a board meeting, or a meeting of a large finance committee, before they can make investment decisions.

I might point out another peculiar circumstance: The Treasury required

only 2 percent downpayment with subscriptions to its 4-percent, 25-month notes, which were offered at the same time, and are being hailed as a great success, though it required a 20 percent downpayment to accompany subscriptions to its bonds.

This morning's Wall Street Journal quotes several operators in the bond market to the effect that the Treasury wanted the issue to fail. For example, the Wall Street Journal quotes a top executive of a big consumer finance company in Chicago as saying:

I think the Treasury put these bonds on the market, not really expecting them to sell at all, but to break the logjam in Congress. Now the Treasury can go to Congress and say "See, we couldn't raise the money we needed at 4¼ percent."

Further, it quotes a New York financial expert to the effect that—

The debt managers may have actually invited failure by selecting an issue due in 1985 and callable in 1975, clashing with outstanding issues in the same range—the 3¼s of 1985 and 3¼s of 1973-83.

Actually the Treasury did not have to try very hard to make this bond issue a failure. All it had to do was signal its wishes to obtain the cooperation of Wall Street. On Monday and Tuesday of last week when the books were opened, the word was being passed around Wall Street not to subscribe to these bonds, because it would jeopardize the Treasury's chance of getting Congress to repeal the interest-rate ceiling.

This boycott was an amazing success, one which we really cannot fully appreciate until we consider the vast difference between the yields on these bonds and market yields on exactly comparable bonds already outstanding.

Several different organizations report market prices and yields on Government bonds. All of these show that on Monday and Tuesday of last week, when the Treasury was taking subscriptions for the new bonds, traders in the market were buying exactly comparable outstanding bonds at much smaller yields, while passing over the new bonds paying the higher yields.

TRADERS BOUGHT COMPARABLE BONDS AT LOWER YIELDS WHILE REFUSING THE NEW BOND AT HIGH YIELDS

In order to have the most authoritative figures, I have obtained the market averages compiled by the Federal Reserve System. This is what they show: On Monday and Tuesday, when the Wall Street operators were passing over the new 25-year bond paying 4.25 percent, the Treasury's 3¼s of 1985, which also mature in 25 years, were being traded at a yield of 4.11 percent. In other words, on the basis of actual market yields on Monday and Tuesday, the bond buyers passed over a tremendous bargain.

Is it not interesting that buyers were bidding a price which would yield them 4.11 percent on outstanding bonds at the same time they were refusing to buy new bonds which would yield them 4.25 per-

cent? Is the difference between a yield of 4.11 percent and one of 4.25 percent of small consequence in the bond market? I assure you it is not.

To illustrate, I have had the yields computed on the asking prices—for 7 consecutive trading days—in order that we may compare these to the yields on the bid prices, which is the normal method of computation.

On Monday, April 4, bid price on the Treasury's 3¼s of 1985 was 86½₃₂, while the asking price was 86¾₃₂. The yield to the purchaser at the bid price was 4.11 percent, while the yield at the asking price was 4.09 percent. In other words, there was only two one-hundredths of 1 percent difference between the yield on the bid price and the yield on the asking price. On none of the 7 days was the difference greater, and on most occasions the difference between the yield on the bid and asking prices was only one-hundredth of 1 percent.

In other words, all that stood in the way between all proposed purchases and all proposed sales during this week was two one-hundredths of a percentage point. Yet purchasers were passing over a new bond which offered them 14 one-hundredths of a percentage point more than the bonds they were actually trying to buy, at the price they were trying to buy them. Rather remarkable, is it not?

I will insert in the RECORD the table showing market prices and yields on this bond, beginning Thursday, March 31, and going through last Friday, April 8.

Market prices and yields of outstanding Treasury bonds maturing in 25 years (Treasury 3¼s of 1985)

	Bid ¹	Ask ¹	Yield computed on—	
			Bid price	Ask price
			Pct.	Pct.
Thursday, Mar. 31.....	87.20	87.10	4.08	4.07
Friday, Apr. 1.....	86.18	86.26	4.12	4.11
Monday, Apr. 4 ²	86.22	86.30	4.11	4.09
Tuesday, Apr. 5 ²	86.20	86.28	4.11	4.09
Wednesday, Apr. 6.....	86.12	86.20	4.13	4.11
Thursday, Apr. 7.....	86.40	86.12	4.14	4.13
Friday, Apr. 8.....	85.24	86.00	4.17	4.16

¹ Fractions of prices are in 32ds of a dollar; quotations are at market close.

² Dates on which subscriptions were being taken on the new 4¼-percent bond due in 25 years, callable in 15 years.

Source: Federal Reserve System.

It is true that the Treasury's issue of last week is callable in 15 years. In other words, after 15 years the Treasury may, if it sees fit to do so, call these bonds in at that time. So it may be fairer to consider the new bonds as 15-year bonds, rather than 25-year bonds. Consequently, I have made the same comparison between market yields on already outstanding bonds maturing in 15 years. These were being traded last Monday and Tuesday at a price which yields 4.16 percent. In other words, people in Wall Street were buying these bonds also at a much smaller yield than they could have

had on the new issue. The prices and yields on these bonds were as follows:

Market prices and yields on outstanding Treasury bonds maturing in 15 years (Treasury 3½s of 1974)

	Bid ¹	Ask ¹	Yield computed on—	
			Bid price	Ask price
Thursday, Mar. 31.....	97.16	97.24	4.10	4.08
Friday, Apr. 1 ²	96.26	97.20	4.17	4.15
Monday, Apr. 4 ²	96.28	97.40	4.16	4.14
Tuesday, Apr. 5.....	96.26	97.20	4.16	4.14
Wednesday, Apr. 6.....	96.18	96.26	4.19	4.17
Thursday, Apr. 7.....	96.12	96.20	4.21	4.19
Friday, Apr. 8.....	96.60	96.14	4.22	4.20

¹ Fractions of prices are in 32ds of a dollar; quotations are at market close.

² Dates on which subscriptions were being taken on the new 4½-percent bond due in 25 years, callable in 15 years.

Source: Federal Reserve System.

THIS ADMINISTRATION SHOULD BE DISCOURAGED FROM WRITING ITS INTEREST-RATE POLICY INTO LONG-TERM CONTRACTS

At the time this issue was announced, and in the days following, the Treasury widely publicized a statement that it hoped to sell \$500 million worth. In reality it sold only \$370 million worth. The general public is most fortunate that the Treasury did not hit what it claimed to be its target. It would be even more fortunate if the Treasury sold no long-term bonds whatever at 4¼ percent. That rate is much too high. Furthermore, this administration will leave office in January next, and it is to be hoped that the next administration will have a more reasonable interest-rate policy. I say let the present administration obtain its money on the short-term basis—the shorter, the better—and not write its interest-rate policy into contracts running over the next 10, 15, and 25 years. Four and one-fourth is much too high a rate for the Treasury to pay on its bonds.

[Mr. PATMAN'S remarks will appear hereafter in the Appendix.]

PASSOVER, 1960 (5720)

Mr. DINGELL. Mr. Speaker, this happy season of the Passover brings to the hearts of Jew and Christian alike the warm realization that our freedom is of divine origin, and under divine protection. The faith in God, the religious fortitude and perseverance, that brought the children of Israel through plagues and perils and wanderings, from slavery and oppression to a land they could inhabit in freedom and peace, still inspire the devotion and bravery with which we face the hostile forces in the world today. Well may we Christians, at this festive time, join our brothers of the Jewish faith in the beautiful benediction that concludes the Seder:

With songs of praise we have lifted up the cup, symbolizing the divine promises of salvation, and we have called upon the name of God. Let us again lift our soul to God in faith and hope. May He who broke Pharaoh's yoke, forever shatter all fetters of oppression and hasten the day when swords shall at last be broken and wars ended. Soon may He cause the glad tidings of redemption to be heard in all lands, so that mankind—freed from violence and from

wrong and united in an eternal confidence of brotherhood—may celebrate the universal Passover in the name of our God of Freedom.

HEALTH INSURANCE FOR THE AGED ACT

(Mr. RIEHLMAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RIEHLMAN. Mr. Speaker, today I have introduced a bill that would make voluntary health insurance coverage available to every person in the United States who is over age 65.

This program would not be tied to social security. It would be administered by the States and the insurance coverage would be provided through private insurance firms. The Federal and State Governments would participate with the individual subscriber in the payment of premiums. The degree of Federal-State participation would be determined by the income of the individual subscriber.

Adequate provision for the health needs of America's senior citizens constitute one of our most pressing domestic problems.

The existence of this problem should be clear to any person who is attuned to the needs of our society.

Sixty percent of those people over 65 have an annual income of less than \$1,000.

Yet there is little question that the health needs and the costs of meeting those needs are much greater for persons in this group than for any other age group in the population.

So the aged are faced with the devastating problem of accelerated medical and health needs at the very time in life when income is at its lowest level.

Tremendous credit is due the private health insurance firms in this country. They have seen this need and have made rapid progress in establishing health insurance programs for the aged. I hold firm to the belief that nothing should be done to put a damper on this progress.

We are still faced, however, with the critical problem of having a large number of persons over age 65 whose incomes simply do not permit them to maintain sufficient health insurance and for whom a serious or prolonged illness would be catastrophic.

When faced with this situation I feel it becomes the responsibility of Federal and State governments to assist the individual in obtaining adequate health care.

I have long recognized the need for making adequate health care available to those individuals in this age group who, in all probability could not otherwise obtain it.

I have held in the past to my belief that any governmental program offering the aged a means of obtaining health insurance must satisfy several conditions to be acceptable. The legislation I have introduced today satisfies those conditions.

The established program would be voluntary. It has no compulsory features.

The coverage would be available to every person in the United States over

age 65. It would not be confined to any particular segment of this age group.

The insurance would be provided through either private or non-profit insurance carriers under contract with participating State agencies. In other words, this program would supplement, and not supplant, private efforts. It would work through private insurance firms and not against them.

This bill emphasizes the special health needs of the aged. The coverage provided could consist of 60 days of full-cost, semi-private care in a general hospital or equivalent-cost care in a nursing home or home for the aged; surgery in or out of hospital, medical care in a hospital, visits to a doctor's office with needed laboratory tests, diagnostic X-rays and specialist consultation; and visiting nurse service at home.

Insurance companies have estimated that such a plan could be provided at a cost of about \$150 per year per person.

This program is geared to help those persons who are clearly in need of help. It is aimed at persons with relatively low incomes. Any person having an annual income of \$3,600 or above, would bear the entire cost of the \$13 monthly premium. A person with an annual income below \$500 would have his premium paid by Federal and State funds. Those individuals with incomes between \$500 and \$3,600 would receive Federal and State assistance in varying amounts depending upon the individual's income.

This bill is also consistent with the pattern of doctor-patient relationships that constitutes such an important facet of our unequalled system of medical care. It would allow the patient complete freedom in choosing a doctor.

We are all able to recognize the existence of this problem.

We differ as to the most desirable means of solving it.

The approach embodied in the bill I have introduced is, I feel, clearly superior to that of the so-called Forand bill. It is voluntary, it is handled by private insurance firms, and it covers those of our senior citizens who need help the most.

I might also add that this bill in my estimation meets the guidelines for an acceptable program that have been laid down by the administration.

This bill embodies a sound approach to a pressing problem.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. DENT (at the request of Mr. WALTER), for 1 hour, on Wednesday next.

Mr. STEED, for 30 minutes, on Thursday next.

Mr. THOMPSON of New Jersey (at the request of Mr. ALBERT), for 30 minutes, on Wednesday next.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

86TH CONGRESS
2D SESSION

H. R. 9322

IN THE SENATE OF THE UNITED STATES

APRIL 14, 1960

Read twice and referred to the Committee on Finance

AN ACT

To make permanent the existing suspension of duties on certain
coarse wool.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2 of the Act entitled "An Act to provide for
4 the temporary suspension of the import duties on certain
5 coarse wool, and to provide additional time for the Tariff
6 Commission to review the customs tariff schedules", ap-
7 proved May 19, 1958 (Public Law 85-418; 72 Stat. 120),
8 is amended by striking out "during the period beginning on
9 the sixtieth day after the date of the enactment of this Act
10 and ending at the close of June 30, 1960" and inserting

1 in lieu thereof "on or after the sixtieth day after the date of
2 the enactment of this Act".

3 SEC. 2. (a) The first sentence of paragraph 1101 (b) of
4 the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101 (b))
5 is amended by inserting "papermakers' felts," immediately
6 after "press cloth,".

7 (b) The amendment made by subsection (a) shall be
8 effective only with respect to wool or hair entered, or with-
9 drawn from warehouse, for consumption, on or after the
10 30th day after the date of the enactment of this Act.

11 SEC. 3. Paragraph (5) of paragraph 1101 (c) of the
12 Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101 (c))
13 is amended to read as follows:

14 " (5) the standards for determining grades of wools
15 shall be those which are established from time to time
16 by the Secretary of Agriculture pursuant to law and
17 which are in effect on the date of importation of the
18 wools."

Passed the House of Representatives April 11, 1960.

Attest:

RALPH R. ROBERTS,

Clerk.

86TH CONGRESS
2D Session

H. R. 9322

AN ACT

To make permanent the existing suspension of
duties on certain coarse wool.

APRIL 14, 1960

Read twice and referred to the Committee on Finance

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

CONTENTS

Issued May 19, 1960
For actions of May 18, 1960
86th-2d, No. 91

Animal research.....25
Area redevelopment...19,24
Awards.....17
Cotton.....27
Depressed areas.....19,24
Electrification.....6,8,16
Farm labor.....23
Farm program.....7
Feed grain.....7,28
Food distribution.....7,28
Foreign aid.....4
Forestry.....1
Grain storage.....22
Information.....12
Library services.....10
Limestone.....14
Milk sanitation.....3
Personnel.....5

Price supports.....7,23
Property.....2,13
Public Law 480.....27
REA.....6,16
Reclamation.....11,18
Research.....4,21,25
Soil conservation.....20
Vocational agriculture...4
Water pollution.....15
Wheat.....7,28
Wilderness.....26
Wool imports.....2

HIGHLIGHTS: House committee voted to report Poage farm bill. Senate committee voted to report multiple use management forest bill. Sen. Dirksen and others introduced and Sen. Dirksen discussed depressed areas bill.

SENATE

1. FORESTRY. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendments S. 3044, to direct that the national forests be managed under principles of multiple use and sustained yield. p. D429
2. WOOL IMPORTS; PROPERTY. The Finance Committee voted to report (but did not actually report) with amendment the following bills: p. D430
H. R. 9322, to extend the existing suspension of duties on certain coarse wool. The "Daily Digest" states that the bill was amended to limit the suspension of duties to 3 years, until June 30, 1963.
H. R. 9881, to extend the existing provisions of law relating to the free importation of personal and household effects brought into the U. S. under Government orders.
3. MILK SANITATION. Sen. Proxmire inserted his testimony before the Subcommittee on Health of the Senate Committee on Labor and Public Welfare in support of S. 988, to provide for Federal regulation of milk sanitation standards. pp. 9746-9
4. FOREIGN AID. Sen. McGee inserted a letter from the President, University of Wyoming, discussing the participation of the University in the foreign aid

program in Afghanistan, including activities in vocational agriculture, agricultural research, and in the faculty of agriculture and engineering. pp. 9749-50

5. PERSONNEL. Sen. Keating inserted the testimony of Marion B. Folsom before the Senate Subcommittee on National Policy Machinery in support of conflict of interest proposals for Federal employees, and presenting "a series of important proposals to help attract topnotch people into Federal work." pp. 9751-3
6. ELECTRIFICATION. Sen. McCarthy commended the work of REA on its 25th anniversary. p. 9760

HOUSE

7. FARM PROGRAM. The Agriculture Committee voted to report (but did not actually report) H. R. 12261, to amend the Agricultural Adjustment Act of 1938 with respect to market adjustment and price support programs for wheat and feed grains and to provide a high-protein food distribution program. p. D432
8. ELECTRIFICATION. The Rules Committee reported a resolution for consideration of H. R. 1157, to provide for the promotion of economic and social development in the Ryukyu Islands. p. 9869
10. LIBRARY SERVICES. The Education and Labor Committee reported without amendment H. R. 12125, to amend the Library Services Act so as to extend for 5 years the authorization for appropriations (H. Rept. 1622). p. 9869
11. RECLAMATION. Passed with amendments H. R. 7155, to authorize the Secretary of the Interior to construct the San Luis unit of the Central Valley project, Calif., and to enter into an agreement with Calif. with respect to the construction and operation of such unit. This passage was subsequently vacated and S. 44, a similar bill, was passed in lieu thereof after being amended to contain the language of the House bill (pp. 9798-9811). Agreed to an amendment to prohibit the production of surplus agricultural commodities on lands irrigated by this project (p. 9799), and one to retain the 160-acre limitation on ownership in this project (pp. 9801-5).
The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 1892, to authorize the Secretary of Interior to construct, operate, and maintain the Norman reclamation project, Okla. p. D433
12. INFORMATION. The Foreign Affairs Committee voted to report (but did not actually report) S. Con. Res. 75, providing for the participation by Federal agencies in the Fifth International Congress on High-Speed Photography. p. D433
13. PROPERTY. The Government Operations Committee voted to report (but did not actually report) H. R. 9996, to amend the Federal Property and Administrative Services Act of 1949, to prescribe procedures to insure that foreign excess property which is disposed of overseas will not be imported into the U. S. to the injury of the economy of this country. p. D433
14. LIMESTONE. Rep. Sisk inserted a speech made by Mr. G. H. Enfield, Extension Agronomist, USDA, urging the limestone producing industry to increase their sales programs to the farmers in an attempt to increase productivity on acid soils. pp. 9831-3

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued May 20, 1960
For actions of May 19, 1960
86th-2d, No. 92

CONTENTS

Adjournment.....	8,18
Agricultural	
appropriations.....	7
Appropriations....	7,9,17,30
Banking.....	6
Casein imports.....	11
Chicory imports.....	10
Depressed areas....	7,13,22
Electrification.....	23
Extension education....	37
Farm loans.....	17
farm program.....	14,21
Finance.....	6
Foreign aid.....	25
Foreign trade.....	24
Forestry.....	17
Health.....	16
Legislative program...	7,17
Military construction...	32
Minerals.....	35
Oleomargarine.....	7
Personnel.....	5,16,29

Property.....	2
Public Law 480.....	26
REA.....	23
Reclamation.....	3,34
Recreation.....	20
Research.....	19
Rural area commission...	1
Rural libraries.....	4
Rural Life Sunday.....	15
Ryukyu Islands.....	17
Saline water.....	19
Soil bank.....	21
Sugar.....	28
Surplus food.....	25
Trade fairs.....	26
Water pollution.....	27
Weather.....	33
Wheat.....	14,31
Wildlife.....	36
Wool imports.....	2

HIGHLIGHTS: Sen. Johnson announced plan to attempt to override veto of depressed areas bill. House committee granted permission to report Poage farm bill today. Senate committee reported bill to establish commission to study problems in rural counties. House passed legislative appropriation bill. Rep. Cooley introduced sugar bill.

SENATE

1. RURAL AREA COMMISSION. The Government Operations Committee reported without amendment S. 3140, to provide for the establishment of a commission to study problems of small towns and rural counties (S. Rept. 1392). Sen. Mundt urged early consideration of the bill, and inserted several letters he had received supporting it. pp. 9873-6
2. WOOL IMPORTS; PROPERTY. The Finance Committee reported with amendments the following bills: p. 9873
 H. R. 9322, to extend the existing suspension of duties on certain coarse wool for 3 years, until June 30, 1963 (S. Rept. 1402).
 H. R. 9881, to extend the existing provisions of law relating to the free importation of personal and household effects brought into the U. S. under Government orders. (S. Rept. 1403).
3. RECLAMATION. Concurred in the House amendments to S. 44, to authorize the Secretary of the Interior to construct the San Luis unit of the Central Valley

project, Calif., and to enter into an agreement with Calif. with respect to the construction and operation of the unit. This bill will now be sent to the President. pp. 9919-22

Received from Interior a report that an adequate soil survey and land classification has been made of the lands in the East Bench unit, Three Forks division Missouri River Basin project, Mont., and that the lands to be irrigated are susceptible to the production of agricultural crops. p. 9872

4. RURAL LIBRARIES. Sen. Stennis urged enactment of S. 2830, to extend the Library Services Act for 5 years, and commended the operation of the program in rural areas, particularly in Miss. p. 9899
5. PERSONNEL. Sen. Keating inserted the statement of Boswell E. Perkins before the Subcommittee on National Policy Machinery discussing the 13 recommendations of the special committee on the Federal conflict of interest laws of the N. Y. Bar Association. pp. 9899-9900
6. BANKING; FINANCE. Received from Treasury a proposed bill "to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U. S. obligations directly from the Treasury"; to Banking and Currency Committee. p. 9872
7. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Senate would vote, either next Tues. or Wed., on the question of overriding the President's veto of S. 722, the depressed areas bill (pp. 9871-2). Sen. Mansfield stated that he expects the agricultural appropriation bill "will be reported next week, and it is hoped that it can be considered at an early date." He also announced that the calendar will be called Mon., that the veto message on the depressed areas bill will be considered on Tues., and that S. 2168, to authorize the serving of oleomargarine in the Navy, may be taken up early next week (p. 9923).
8. ADJOURNED until Mon., May 23. pp. 9930-1

HOUSE

9. LEGISLATIVE APPROPRIATION BILL, 1961. Passed without amendment this bill, H. R. 12232. p. 9933
10. CHICORY IMPORTS. Agreed to the Senate amendments to H. R. 9308, to extend until June 30, 1963, the suspension of duty on imports of crude chicory and the reduction in duty on ground chicory (pp. 9942-3). This bill will now be sent to the President.
11. CASEIN IMPORTS. House conferees were appointed on H. R. 9862, to continue for two years the existing suspension of duties on certain shoe lathes and (as amended by the Senate) casein (p. 9943). Senate conferees have not been appointed.
12. PUBLIC WORKS APPROPRIATION BILL, 1961. Granted the Appropriations Committee until midnight, May 20, to report on this bill. p. 9932
13. DEPRESSED AREAS. Rep. Flood criticized the President's veto of the depressed areas bill, calling the action "reactionary" and "callous disregard of the pleas of Americans for help to become self-supporting." pp. 9953-4

IMPORT DUTIES ON CERTAIN COARSE WOOL

MAY 19, 1960.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H.R. 9322]

The Committee on Finance, to whom was referred the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, having considered the same, report favorably thereon with amendments, and recommend that the bill as amended do pass.

PURPOSE

H.R. 9322, as passed by the House of Representatives, would make permanent the existing suspension of import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets, and certain other products, to add papermakers' felts to such list of products, and to authorize the Secretary of Agriculture (pursuant to law) to establish modern standards for determining grades of wools.

The Committee on Finance amended the bill to provide for a 3-year extension of the suspension, until the close of June 30, 1963. Although the duty on some of the coarse wools affected by the bill has been suspended for the past 2 years, the Finance Committee felt it would be advisable to limit the extension to a 3-year period for the purpose of enabling a review of the situation at the end of that period.

GENERAL STATEMENT

Public Law 418, 85th Congress, provided for the suspension, until June 30, 1960, of the import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products. Until the enactment of Public Law 418, 85th Congress, paragraph 1101(b) of the Tariff Act provided for duty-free entry under bond of imports of certain wools and animal hair for use in the manufacture of press cloth, camel's hair belting, knit or felt

boots, heavy-fulled lumbermen's socks, or rugs, earpets, and other floor coverings. The duty-free entry provision for earpet wools was limited to so-called unimproved wools and other (improved) wools not finer than 40s and camel's hair. Sections 1 and 2 of Public Law 418, 85th Congress, temporarily amended paragraph 1101(b) to extend the free entry privilege for a period of 2 years to wools finer than 40s but not finer than 46s.

H.R. 9322 would also provide that papermakers' felts would also qualify for the free-entry privilege presently accorded to rugs and earpets and the other specified products and would give the Secretary of Agriculture the authority to revise the official standards of the United States for the grading of wool. Under existing law, the standards applicable to the grading of wool are those established on June 18, 1926. The proposed revision would permit the Secretary to take advantage of technological advances in the grading of wools.

In a supplemental report to the Ways and Means Committee, the Department of Agriculture advised that with the deletion of specific reference to the standards for grading of wool promulgated by the Secretary of Agriculture on June 18, 1926—

the practical forms of standards promulgated as of that date would still continue to be used after the deletion because they would be the only ones established by the Secretary pursuant to law as of this time.

The Department of Agriculture also stated that, should it promulgate modified standards, the procedures it would follow—

will give all other Government departments and bureaus, the domestic wool trade, the domestic wool-producing industry, the domestic wool-textile industries, foreign exporters of wool into the United States, and all others having any interest ample and full opportunity to present their views and consult with the Department concerning the proposed changes well in advance of any final determinations made by the Department. Since it is the intent of the Department to promulgate standards which would serve the best interests of all segments of the industry and the marketing of wool generally it has always been and will continue to be the policy and the practice of the Department to consult with all interested parties to the extent necessary for the development of the best possible standards for wool.

In this connection, it would seem essential that the Treasury Department be given an opportunity to work out with the Department of Agriculture in the preparatory stages any customs administrative problems which might be suggested by any contemplated new standards for the grading of imported wool, and that such questions should be resolved before the publication of proposed standards in the Federal Register or elsewhere. By such advanced consultation, delays in the releasing of imported wool and in the determination of its tariff classification and the amount of duty due that might otherwise arise as a result of the promulgation of revised standards, would be avoided. Section 3 was originally included in the bill, with the understanding that the Treasury Department will be adequately consulted during the preparation of the standards and before any proposed standards are published in the Federal Register or elsewhere.

Need for legislation

Public Law 418, 85th Congress, arose out of the need of the domestic carpet industry for additional supplies of imported coarse wools at competitive world prices so as to enable the domestic carpet industry to compete more successfully with foreign producers of carpets in the American market.

Congress intended paragraph 1101(b) of the Tariff Act of 1930 to provide the domestic carpet industry with duty-free access to foreign supplies of the types of wool that the industry would be likely to use. Congress further recognized this when they exempted the carpet industry from the added protection of a specific duty on carpets which is given to all other domestic industries which pay duty on imported wool.

Prior to World War II the world supply of carpet wools, through the importation of name wools and coarse grades up to 40s, was sufficient to meet the needs of the domestic carpet industry. However, a number of developments since World War II resulted in restricting the availability of the necessary wool to the domestic carpet industry, so that for the past several years and at the present time our domestic industry has been and is faced not only with inability to obtain the necessary supplies but also with mounting imports of carpets of foreign manufacture. Developments arising out of and following World War II disrupted U.S. trade with former sources of supply, particularly Communist China and Tibet. Section 5(b) of the Trading With the Enemy Act, as amended, contains the basic authority under which imports from Communist China and the U.S.S.R. are banned. Also, some of the countries that have been important producers of unimproved wools have taken measures to restrict their wool exports with a view to conserving the supplies for their own domestic industries. Practically all countries which have wool industries have made attempts to improve their breeds of sheep with the result that there has been an overall trend toward the finer wools, which are not coarse or resilient enough for carpet and rug manufacture; this trend further continues to reduce the available supply of carpet-grade wools. The volume of unimproved wools entering international trade has been much smaller than consumption. The worldwide shortage of carpet-grade wools has forced manufacturers in other countries to utilize wools finer than 40s, notably in the 40s-46s range. Information indicates these grades of wool are not as satisfactory as the coarser grade but they are being used by foreign manufacturers, particularly in Belgium, England, Japan, France, and certain other countries, and thus provide a decided advantage to those carpet industries over the U.S. carpet industry in the American market.

In short, convincing evidence has been presented that the domestic carpet industry is faced with a squeeze, which has placed it in a very adverse position competitively since, on the one hand, it cannot obtain economically the raw-wool supplies which it needs in order to compete and, on the other hand, it faces increasing competition in its finished wool carpets from countries in which the carpet manufacturers can obtain less expensive raw wool and thereby produce such carpets at a lower cost. In the absence of a continuation of the suspension of the duty on carpet-grade wools foreign carpet manufacturers will be given a competitive advantage over domestic carpet producers.

Report of the U.S. Tariff Commission under the provisions of section 332 of the Tariff Act of 1930

Public Law 418, 85th Congress, provided for a 2-year suspension of the duties on these coarse wools. H.R. 2151 of the 85th Congress (which ultimately became Public Law 418), as originally introduced, provided for the permanent extension of the duty-free privilege. The House Committee on Ways and Means amended this bill so as to limit the extension to a 3-year period for the purpose of enabling a review of the situation at the end of that period. The Committee on Finance of the Senate reported the bill out with an amendment reducing the 3-year period to 2 years. In its report, the Committee on Finance stated that it had requested the U.S. Tariff Commission pursuant to the provisions of section 332 of the Tariff Act of 1930—

to make a study of the grades and qualities of wool imported into the United States for use in the manufacture of carpets and of papermakers' felts and of domestic wools which are similar in grade and character—

and to submit such a report on or before September 30, 1959. The Committee on Finance also noted that such a report would be available prior to the opening of Congress in 1960, so that complete information could be available to the Congress prior to the expiration of the effective date of the bill which was June 30, 1960.

The above-referred to report was completed by the U.S. Tariff Commission and was submitted as part of the Tariff Commission's informative report on H.R. 9322. In this report the Commission notes that—

Virtually all of the wool used by the U.S. carpet industry is imported. The wools grown in this country, which are used principally for apparel purposes, are improved wools primarily of grades finer than 46s—grades that have not been used by the carpet industry. Of the little coarse wool (not finer than 46s) produced in the United States, virtually none is used by the carpet industry, primarily because it is higher priced than comparable imported wools that enter free of duty for use in carpets.

This report also pointed out that U.S. imports of wool for carpet use averaged 129 million pounds annually in 1956-58 and amounted to 123 million pounds in 1958. With respect to domestic production of comparable wools, the report says that—

The Commission believes that not more than 2 million pounds were of grades 46s and coarser.

Furthermore, even through domestic supplies of these wools are extremely limited, they do not compete with imports in carpet uses. On this point, the Commission's report says the following:

Virtually all of the coarse wool grown in the United States, like other wool produced here, is used for articles in which the foreign wool with which it competes is dutiable. The domestic wool accounts for much less than the total requirements for wool in those articles. Practically none of the domestic wool, therefore, is available for use in carpets, where the foreign wool with which it would have to compete is duty free.

With respect to the question of competition between the carpet and papermaker felt industry in the market for the coarse wools that presently enjoy duty-free treatment, the Commission had this to say:

The delivered cost of imported coarse wools in the United States is higher to producers of papermakers' felts than to producers of carpets, not only because the wool used in making felts is usually of better quality than that used in making carpets, but also because a tariff duty is applicable to wools used in felts and not to those used in carpets. Although wools used in making felts are usually of higher quality than those used for making carpets, there is some overlap, particularly with respect to New Zealand 44s and 46s. In purchasing their wool in New Zealand the buyers for producers of papermakers' felts sometimes compete with the buyers for carpet manufacturers for the same types of wool.

In consideration of this competitive situation, the Ways and Means Committee amended H.R. 9322 to provide that papermakers' felts would be eligible for the privilege of duty-free importation of these wools.

All segments of industry in support of bill

In the public hearings held by the Ways and Means Committee, all segments of the wool industry, including the carpet industry, the papermakers' felt industry, the woolgrowers, and the wool trade, indicated their support for the bill. The amendment relating to the establishment of standards for the grading of wool was recommended to your committee by the Department of Agriculture and by the domestic woolgrowers.

Reports on H.R. 9322 from the Departments of State, Commerce, and Agriculture and the Bureau of the Budget indicated no opposition to the enactment of the bill. An informative report was received from the Tariff Commission.

TECHNICAL EXPLANATION OF THE BILL

Import duties on certain coarse wools

Paragraph 1101(b) of the Tariff Act of 1930 provides for free entry under bond of imports of certain wools and animal hair for use in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy fullered lumbermen's socks, rugs, carpets, or any other floor coverings. The imported wools for which such free entry was provided before the amendment made by Public Law 85-418, approved May 19, 1958, are those which (if used in products other than those specified) are dutiable under paragraph 1101(a) of the Tariff Act of 1930. These wools consist of so-called unimproved wools and other (improved) wool not finer than 40s and camel's hair.

Public Law 85-418 amended paragraph 1101(b) of the Tariff Act of 1930 by adding to the wools permitted duty-free importation under bond for the specified uses, wools finer than 40s but not finer than 46s. The amendment also included a proviso that a tolerance of not more than 10 percent of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s.

Papermakers' felts

As explained above, paragraph 1101(b) of the Tariff Act of 1930 provides for free entry under bond of imports of certain wools and animal hair for use in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy fulled lumbermen's socks, rugs, carpets, or any other floor coverings. Subsection (a) of section 2 of the bill, as reported, adds "papermakers' felts" to this list.

A papermakers' felt is a blanketlike fabric in the form of a long endless belt used in a papermaking machine to carry thin layers of wet pulp through successive series of rollers in the machine as the water is extracted. Papermakers' felts may be manufactured by forming an endless belt without splicing or by producing fabric and making papermakers' felts by forming an endless belt by splicing the fabric. Thus the production of the fabric from which papermakers' felts are frequently manufactured by splicing does not (in the absence of the final step of splicing into an endless belt) constitute the manufacture of papermakers' felts.

Under existing provisions of paragraph 1101(b) of the Tariff Act of 1930 and the regulations thereunder which will become applicable to papermakers' felts, the fabrics could be manufactured under the bond of one manufacturer and thereafter spliced into complete papermakers' felts under the bond of another manufacturer; but, if the process is not carried through to the final state of endless belt papermakers' felts in the factory of one or more firms operating under paragraph 1101(b), the provision of duty-free treatment will not apply.

Under subsection (b) of section 2 of the bill, as reported, the amendment made by section 2(a) is to be effective only with respect to wool or hair entered, or withdrawn from warehouse, for consumption (i.e., for use in the manufacture of papermakers' felts), on or after the 30th day after the date of the enactment of the bill and prior to June 30, 1963.

Standards for determining grades of wools

Under existing paragraph (5) of paragraph 1101(c) of the Tariff Act of 1930, as amended, the standards for determining the grade of wools for purposes of schedule 11 (relating to wool and manufactures of wool) of the dutiable list of the Tariff Act of 1930, as amended, are the "Official Standards of the United States for grades of wool as established by the Secretary of Agriculture on June 18, 1926, pursuant to law."

Section 3 of the bill, as reported, amends paragraph (5) to provide that the standards for determining grades of wools shall be those—

- (1) which are established from time to time by the Secretary of Agriculture pursuant to law, and
 - (2) which are in effect on the date of importation of the wools.
- The act of May 17, 1926 (7 U.S.C., secs. 415b-415d) and sections 203 and 205 of the Agricultural Marketing Act of 1946 (7 U.S.C., secs. 1622, 1624) authorize the Secretary of Agriculture to establish standards for determining grades of wools. However, since the standards established on June 18, 1926, are now in effect these standards will continue in effect until changed under the authority of paragraph (5) and the provisions of law referred to above.

While the laws referred to above do not impose any special procedural requirements for establishing or changing standards, the rule-making provisions of the Administrative Procedure Act (5 U.S.C., sec.

1003) are applicable to changes in grade standards. Thus, for example, notice of proposed changes is required to be published in the Federal Register, interested persons must be afforded an opportunity to present data, views, and arguments, and (except for good cause found and published with the rules) publication of the standards are required to be made not less than 30 days before the effective date.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italic; existing law in which no change is proposed is shown in roman):

ACT OF MAY 19, 1958 (PUBLIC LAW 85-418; 72 STAT. 120)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of paragraph 1101(b) of the Tariff Act of 1930, as amended (19 U.S.C. sec. 1001, par. 1101 (b)) is amended—

(1) by inserting after the word “foregoing” the following: “and all other wools of whatever blood or origin not finer than 46s”; and

(2) by inserting before the period at the end thereof a colon and the following: “*Provided*, That a tolerance of not more than 10 per centum of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s”.

SEC. 2. The amendments made by this Act shall be effective only with respect to wool entered, or withdrawn from warehouse, for consumption, during the period beginning on the sixtieth day after the date of the enactment of this Act and ending at the close of [June 30, 1960] *June 30, 1963*.

PARAGRAPH 1101 OF THE TARIFF ACT OF 1930, AS AMENDED
(19 U.S.C., SEC. 1001, PAR. 1101)

TITLE I—DUTIABLE LIST

SECTION 1. That on and after the day following the passage of this Act, except as otherwise specially provided for in this Act, there shall be levied, collected, and paid upon all articles when imported from any foreign country into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam) the rates of duty which are prescribed by the schedules and paragraphs of the dutiable list of this title, namely:

* * * * *

SCHEDULE 11.—WOOL AND MANUFACTURERS OF

PAR. 1101. (a) Wools: Donskoi, Smyrna, Cordova, Valparaiso, Ecuadorean, Syrian, Aleppo, Georgian, Turkestan, Arabian, Bagdad, Persian, Sistan, East Indian, Thibetan, Chinese, Manchurian, Mongolian, Egyptian, Sudan, Cyprus, Sardinian, Pyrenean, Oporto,

Iceland, Scotch Blackface, Black Spanish, Kerry, Haslock, and Welsh Mountain; similar wools without merino or English blood; all other wools of whatever blood or origin not finer than 40s; and hair of the camel; all the foregoing, in the grease or washed, 24 cents per pound of clean content; scoured, 27 cents per pound of clean content; on the skin, 22 cents per pound of clean content; sorted, or matchings, if not scoured, 25 cents per pound of clean content: *Provided*, That a tolerance of not more than 10 per centum of wools not finer than 44s may be allowed in each bale or package of wools imported as not finer than 40s.

(b) Any of the foregoing and all other wools of whatever blood or origin not finer than 46s may be entered or withdrawn from warehouse without the payment of duty by a manufacturer, processor, or dealer upon the filing of a bond to insure that any wool or hair entered or withdrawn thereunder shall be used only in the manufacture of press cloth, *papermakers' felts*, camel's hair belting, knit or felt boots, heavy fulled lumbermen's socks, rugs, carpets, or any other floor coverings: *Provided*, That a tolerance of not more than 10 per centum of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s. A manufacturer, processor, or dealer may be relieved of liability under his bond with respect to any wool or hair so entered or withdrawn which is transferred in its imported or any other form to another manufacturer, processor, or dealer who has filed a bond to insure that the merchandise so transferred shall be used only in the manufacture of the above-enumerated articles. If any wool or hair so entered, withdrawn, or transferred under bond is used or transferred for use in its imported or any other form in any manner otherwise than in the manufacture of the articles enumerated above, there shall be levied, collected, and paid on the merchandise so used or transferred in violation of the bond the regular duties which would apply to such merchandise if imported in its condition at the time of such use or transfer. Such duties shall be paid by the manufacturer, processor, or dealer whose bond is charged with the wool or hair at the time of such use or transfer; but such duties shall not be levied or collected on any merchandise (except white soft wastes, white threads and noils, which shall be dutiable at seven-eighths of such regular duties when used or transferred for use otherwise than in the manufacture of the enumerated articles) resulting in the usual course of manufacture of such enumerated manufactured articles which cannot be used (with or without further preparation) in the usual course of the manufacture of such enumerated articles, or which is exported or destroyed. When any wool or hair which has been entered or withdrawn under bond as provided for in this subparagraph is used or transferred for use, in its imported or any other form, otherwise than in the manufacture of the above-enumerated articles and prior to such use or transfer there shall have been combined or mixed with such wool or hair any other merchandise, the whole or the combination or mixture shall be presumed to be composed of wool or hair entered or withdrawn under bond, as provided for in this subparagraph, unless the manufacturer, processor or dealer liable for the payment of the duties shall establish the quantity of bonded wool or hair in such combination or mixture. Every manufacturer, processor, or dealer who has given a bond pursuant to the provisions of this subparagraph shall report any use or transfer

of merchandise in violation of the terms of his bond, within thirty days after such use or transfer, to the collector of customs in whose district the bond is filed; and for failure to so report, such manufacturer, processor, or dealer shall be liable to a penalty equal to the value of the merchandise so used or transferred at the time and place of such use or transfer. Such penalty shall be in addition to the duties above provided for. The Secretary of the Treasury is authorized to prescribe such regulations and the form, conditions, and amounts of such bonds as may be necessary to carry into effect the provisions of this subparagraph.

(c) For the purposes of this schedule:

(1) Wools and hair in the grease shall be considered such as are in their natural condition as shorn from the animal, and not cleansed otherwise than by shaking, willowing, or burr-picking;

(2) washed wools and hair shall be considered such as have been washed, with water only, on the animal's back or on the skin, and all wool and hair, not scoured, with a higher clean yield than 77 per centum shall be considered as washed;

(3) scoured wools and hair shall be considered such as have been otherwise cleansed (not including shaking, willowing, burr-picking, or carbonizing);

(4) sorted wools or hair, or matchings, shall be wools and hair (other than skirtings) wherein the identity of individual fleeces has been destroyed, except that skirted fleeces shall not be considered sorted wools or hair, or matchings, unless the backs have been removed; and

[(5) the Official Standards of the United States for grades of wool as established by the Secretary of Agriculture on June 18, 1926, pursuant to law, shall be the standards for determining the grade of wools.]

(5) *the standards for determining grades of wools shall be those which are established from time to time by the Secretary of Agriculture pursuant to law and which are in effect on the date of importation of the wools.*



Calendar No. 1465

86TH CONGRESS
2D SESSION

H. R. 9322

[Report No. 1402]

IN THE SENATE OF THE UNITED STATES

APRIL 14, 1960

Read twice and referred to the Committee on Finance

MAY 19, 1960

Reported by Mr. BYRD of Virginia, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To make permanent the existing suspension of duties on certain
coarse wool.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2 of the Act entitled "An Act to provide for
4 the temporary suspension of the import duties on certain
5 coarse wool, and to provide additional time for the Tariff
6 Commission to review the customs tariff schedules", ap-
7 proved May 19, 1958 (Public Law 85-418; 72 Stat. 120),
8 is amended by striking out "~~during the period beginning on~~
9 the ~~sixtieth~~ day after the date of the enactment of this Act
10 and ending at the close of June 30, 1960" and inserting
11 in lieu thereof "~~on or after the sixtieth day after the date of~~

1 the enactment of this Act" by striking out "June 30, 1960"
2 and inserting in lieu thereof "June 30, 1963".

3 SEC. 2. (a) The first sentence of paragraph 1101 (b) of
4 the Tariff Act of 1930 (19 U.S.C., sec. 1001, par.
5 1101 (b)) is amended by inserting "papermakers' felts,"
6 immediately after "press cloth,".

7 (b) The amendment made by subsection (a) shall be
8 effective only with respect to wool or hair entered, or with-
9 drawn from warehouse, for consumption, on or after the
10 30th day after the date of the enactment of this Act and
11 prior to the close of June 30, 1963.

12 SEC. 3. Paragraph (5) of paragraph 1101 (c) of the
13 Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101 (c))
14 is amended to read as follows:

15 " (5) the standards for determining grades of wools
16 shall be those which are established from time to time
17 by the Secretary of Agriculture pursuant to law and
18 which are in effect on the date of importation of the
19 wools."

Amend the title so as to read: "An Act to extend the
existing suspension of duties on certain coarse wool."

Passed the House of Representatives April 11, 1960.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To make permanent the existing suspension of
duties on certain coarse wool.

APRIL 14, 1960

Read twice and referred to the Committee on Finance

MAY 19, 1960

Reported with amendments

May 26, 1960

10. COOPERATIVES; FARM CREDIT. Passed as reported S. 2977, to amend the Farm Credit Act of 1933 so as to provide for increased representation by regional banks for cooperatives on the board of directors of the Central Bank for Cooperatives. pp. 10392-3
11. LANDS; FORESTRY. Passed without amendment S. 3070, to provide for the removal of the restriction on use with respect to certain former Soil Conservation Service nursery lands in Morton County, N. Dak., conveyed to N. Dak. on July 20, 1955. p. 10393
Passed over, at the request of Sen. Keating, S. 2583, to authorize the head of any executive agency to reimburse the owners and tenants of lands or interest therein for moving or other expenses incurred by such persons resulting from the acquisition of the property by the Federal Government. p. 10397
Passed over, at the request of Sen. Bartlett, H. R. 7681, to provide for the transfer from Interior to this Department of certain authorities for the exchange or sale of forest land and timber. p. 10395
Passed over, at the request of Sen. Bartlett, S. 3044, to authorize and direct that the national forests be managed under principles of multiple use and to produce a sustained yield of products and services. p. 10401
Passed over, at the request of Sen. Bartlett, S. 1787, to regulate the misbranding, false advertising, and false invoicing of decorative hardwood or imitation hardwood products. p. 10401
Began consideration of S. 1617, to provide for the adjustment of legislative jurisdiction exercised by the U. S. over land in the several States used for Federal purposes. p. 10404
12. TAXES; PROPERTY. Passed without amendment H. R. 9983, to extend for 2 years the period for which payments in lieu of taxes may be made with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments. This bill will now be sent to the President. p. 10395
13. FOREIGN AID. Passed over, at the request of Sen. Bartlett, S. 3074, to provide for U. S. participation in the International Development Association. p. 10395
14. INFORMATION; SCIENCE. By a vote of 77 to 4, agreed to a resolution of ratification of an international agreement for facilitating the international circulation of visual and auditory materials of an educational, scientific, and cultural character. pp. 10364-84
15. RESEARCH. Passed without amendment S. 1235, to authorize the Secretary of Commerce to enter into contracts for the conduct of research in the field of meteorology. p. 10395
16. WOOL. Passed as reported H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool. pp. 10399-400
17. PERSONNEL; PROPERTY. Passed as reported H. R. 9881, to extend for two years the existing provisions of law relating to the free importation of personal and household effects brought into the U. S. under Government orders. pp. 10400-1
18. LIBRARIES. Passed as reported S. 2830, to extend for 5 years the appropriation authorizations under the Library Services Act. pp. 10401-2

19. FARM WAGES. Sen. Williams, N. J., inserted an article which "adds new understanding to the desirability of improving farm wages and to what the consequences might be on food prices," and stated that the Labor Department has just completed a study which "concludes that a minimum wage for hired farmworkers is both feasible and desirable if the rates are set within appropriate limits." pp. 10407-8
20. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) the following bills: pp. D468-8
S. 1638, with amendment, to provide for an effective system of personnel administration for the executive branch of the Government;
H. R. 4595, with amendment, to clarify and make uniform certain provisions of law relating to special postage rates for educational, cultural, and library materials;
H. R. 4601, to amend the Act of September 1, 1954, in order to limit to cases involving the national security the prohibition on payment of annuities and retired pay to officers and employees of the U. S.;
H. R. 10996, to authorize the use of certified mail for the transmission or service of matter required by certain Federal laws to be transmitted by registered mail.
21. WATER RIGHTS. Sen. Kuchel discussed the rights of States to have jurisdiction over the water within their boundaries, criticized "the startling assertion by the U. S. Department of Justice that the Federal Government, not the State of California, owns all of the unappropriated water rights in the State," and inserted several items discussing this matter. pp. 10349-53
22. PALM OIL. Received from GSA a notice of the proposed disposition of approximately 37,609,878 pounds of palm oil now held in the national stockpile. p. 10329
23. MIGRATORY LABOR. Sen. Williams, N. J., inserted his statement urging the enactment of legislation to provide Federal assistance for the education of children of migratory workers. pp. 10335-6

ITEMS IN APPENDIX

24. AREA DEVELOPMENT. Extension of remarks of Rep. Gray stating that the people in his district "were all grieved when the President saw fit to veto the area redevelopment bill." pp. A4482-3
25. FLOOD CONTROL. Sen. Wiley inserted excerpts from his recent address before the National Rivers and Harbors Congress. p. A4483
26. FARM PROGRAM. Extension of remarks of Rep. Quie inserting a Grange Farm Reporter newsletter which discusses the Poage farm bill. pp. A4483-4
Rep. Poage commended and inserted an article "which gives a factual report of the farm situation," and "which shows very clearly just how a return to unlimited plantings would weaken our entire economy." pp. A4519-20
Rep. Hagen inserted an article by Chas. Shuman which states that "Agriculture's modern quest for the unattainable is the equally fruitless search for a 'sound, workable Government farm program.'" pp. A4533-4
27. RURAL COUNTIES. Sen. Mundt stated that a "considerable amount of support has developed" for his proposed bill which would create a Federal Commission to deal with the problems of small towns and rural areas in America, and inserted two articles on this subject. pp. A4486-7

Members retired for age or length of service reverted to their permanent rank for the purpose of retirement. Public Law 810, 80th Congress, approved June 29, 1948, authorized retirement in the highest temporary grade in which an officer had served satisfactorily for not less than 6 months on active duty during World War II and also authorized advancement on the retirement list of persons who had previously reverted to their permanent rank for purpose of retirement. Notwithstanding such advancement, the dependency and indemnity compensation payable under existing law to widows of veterans who retired after reversion to the lower rank is computed on their rank at time of retirement.

The Veterans' Administration recommends enactment of this bill.

ADJUSTMENT OF INSURANCE STATUS OF CERTAIN MEMBERS OF THE ARMED FORCES

The bill (H.R. 9785) to provide for equitable adjustment of the insurance status of certain members of the Armed Forces was considered, ordered to a third reading, read the third time, and passed.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD an explanation of this bill.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

This bill grants gratuitous national service life insurance in a maximum amount of \$10,000, to any seaman who died as a result of an aviation accident incurred in the line of duty in active service of the Navy after October 7, 1940, and before August 4, 1942, while undergoing flight training leading to appointment as an aviation cadet under the act of April 15, 1935. The insurance would be payable effective from the date of enactment in monthly installments to a limited class of beneficiaries, if living, and no payment would be made to the estate of such person.

Prior to August 4, 1942, naval aviation cadets were appointed by the Secretary of the Navy under the act of April 15, 1935. It is understood that in order to reduce considerable paperwork involved in such appointments the Navy enlisted such students as seamen, second class, V-5, for the elimination and primary stages of flight training. In this status, such enlisted men had no insurance coverage at Government expense prior to their appointment as aviation cadets. An example is a young man who enlisted on February 3, 1942, as a seaman, second class, V-5, U.S. Naval Reserve. He entered on active duty March 12, 1942, and was killed when he fell from a plane on May 16, 1942, while undergoing training leading to appointment as an aviation cadet. Had he been appointed as an aviation cadet he would have been entitled to insurance coverage at Government expense.

The Veterans' Administration favors enactment of this bill.

There is no basis for estimating the cost of the bill but it is estimated that it would be very small.

PROHIBITION OF DUPLICATE BENEFITS

The bill (H.R. 9788) to amend section 3104 of title 38, United States Code, to prohibit the furnishing of benefits under laws administered by the Veterans' Administration to any child on account of the death of more than one parent in

the same parental line was considered, ordered to a third reading, read the third time, and passed.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD an explanation of this bill.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

This bill prohibits duplicate benefits, such as compensation, dependency, and indemnity compensation, or pension, to a child on account of the death of more than one parent in the same parental line. It is not intended to affect insurance benefits which are matters of contract.

An example of the type of cases intended to be covered is one involving one widow who had been married three times. All husbands were veterans and her children were drawing three allowances, based on death of three "fathers."

While no definite amount of saving can be estimated, obviously there would be some saving by this legislation.

The Veterans' Administration favors enactment of H.R. 9788.

WAIVER OF NATIONAL SERVICE LIFE INSURANCE PREMIUMS TO CERTAIN VETERANS

The bill (H.R. 10703) to grant a waiver of national service life insurance premiums to certain veterans who become totally disabled in line of duty between the date of application and the effective date of their insurance was considered, ordered to a third reading, read the third time, and passed.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD an explanation of this bill.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

This bill, which was introduced at the request of the Veterans' Administration, seeks to authorize a waiver of national service life insurance premiums to those veterans who became totally disabled, in line of duty between the date of application and the effective date of their insurance. It would apply to veterans of World War II and the early Korean conflict only.

The bill would require application for its benefits within 2 years after enactment and an extension of time for applying would be provided for insane persons and minors. The legislation could revive certain lapsed contracts of insurance, but would preclude payment in any case where the servicemen's indemnity or gratuitous disability insurance had been paid.

The Veterans' Administration was not able to provide an estimate of cost; however, in its report the agency stated that it believed it to be relatively small.

The Veterans' Administration advocates enactment of this bill.

ADDITIONAL COMPENSATION FOR SERIOUSLY DISABLED VETERANS

The bill (H.R. 10898) to amend section 315 of title 38, United States Code, to provide additional compensation for seriously disabled veterans having four or more children was considered, ordered to a third reading, read the third time, and passed.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed

in the RECORD an explanation of this bill.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

GENERAL EXPLANATION

Veterans today with service-connected disabilities rated 50 percent or more disabling are entitled to additional compensation for their wives, children, and dependent parents. For example, a veteran with a wartime disability, totally disabled, receives \$23 for a wife, \$39 for a wife and one child, \$50 for a wife and two children, and \$62 for a wife and three children; in cases where there is no wife, the veteran receives \$15 for the first child, \$12 additional for the second child, and \$39 for three children. No payment is made for children in excess of three, but as will be noted above, the rate for children in excess of one is generally a \$12 monthly additional allowance. This bill would permit the \$12 monthly payment for all children, regardless of the number a veteran might have.

The Veterans' Administration advises that no cost estimate can be furnished, but it is believed that the cost would be small.

DEPARTMENTAL VIEWS

The Veterans' Administration considers the existing ceiling on the rate payable where children are involved a reasonable one which should be maintained. Accordingly, the Veterans' Administration does not recommend favorable consideration of H.R. 10898.

SUSPENSION OF DUTIES ON CERTAIN COARSE WOOL

The Senate proceeded to consider the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, which had been reported from the Committee on Finance, with amendments, on page 1, line 8, after the word "amended", to strike out "by striking out 'during the period beginning on the sixtieth day after the date of the enactment of this act and ending at the close of June 30, 1960' and inserting in lieu thereof 'on or after the sixtieth day after the date of the enactment of this Act'" and insert "by striking out 'June 30, 1960' and inserting in lieu thereof 'June 30, 1963'"; and on page 2, line 10, after the word "Act", to insert "and prior to the close of June 30, 1963".

Mr. KEATING. Mr. President, have the amendments been agreed to?

The PRESIDING OFFICER. No.

Mr. KEATING. Mr. President, I am very happy that the distinguished Senator from Virginia [Mr. BYRD] and his committee have brought H.R. 9322 before us today because it does involve a matter of great interest to my State, especially in the area of Amsterdam, N.Y., a community in which the carpet industry is of very great importance.

This bill should be extremely helpful to this industry, and especially to the workers, who are employed in the carpet industry and to their families.

Amsterdam, N.Y., is an area in which there has at times over the past few years been a labor surplus. Under these circumstances, it is especially important that we enact this legislation of special assistance to one of the area major industries. The workers, and in fact the entire economy of Amsterdam, will benefit greatly from H.R. 9322.

Mr. President, I hope that the Senate conferees will make every effort to see to it that in conference, H.R. 9322 is made to conform with the House passed version of this bill, which called for a permanent suspension of the duty on coarse wools as opposed to the 3-year suspension contained in the Senate bill. I have talked about this matter with the chairman of the Senate Finance Committee (Senator Byrd) and I very much appreciate his interest in this legislation and his willingness to discuss it with me in light of the situation faced by the people of Amsterdam, N.Y.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I have received from the president of Mohasco Industries, Inc., with regard to this bill. It is very well reasoned, and sets forth with great clarity the reason why this bill is so important to the American carpet industry.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MOHASCO INDUSTRIES, INC.,
Amsterdam, N.Y., May 9, 1960.

Subject: H.R. 9322, carpet wool bill.
The Honorable KENNETH B. KEATING,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KEATING: In view of your interest in the problems of Mohasco Industries, Inc., and our domestic carpet industry, I would like to submit for your review certain considerations with respect to the carpet wool bill (H.R. 9322) whose passage by the Senate in its present form is of vital importance to Mohasco and the carpet industry.

The American carpet industry has for many years been concerned with the inadequacy of its wool supplies. Carpets require a coarse type of wool produced in only negligible quantities in this country, and, accordingly, the industry has had to import all of its wool. Of the world annual output of approximately 975 million pounds of carpet wools the Sino-Soviet bloc countries now produce and use approximately 575 million pounds, and only 400 million pounds are available to mills in the United States and other importing countries outside the Sino-Soviet bloc. There is little likelihood that this quantity can be expanded without the passage of a considerable period of time.

While the total available supply is relatively fixed in amount, the demands upon it are constantly increasing. Our American carpet industry, while it has in recent years used large quantities of synthetic fibers, still relies upon wool as its principal component material and is currently using almost half of the existing annual world supply. Actually, in 1959 the share of total carpet industry fiber consumption enjoyed by wool rose considerably over the prior year because wool is now effectively used in the rapidly expanding tufting operation whereas in the past few years its use therein was relatively small. Along with this increased domestic use there is a growing usage of wool in foreign countries both inside and outside the Iron Curtain.

Unless H.R. 9322 is enacted into law, approximately 175 million pounds of the above-mentioned 400 million annual world output of carpet wools will be made unavailable to domestic producers because its import into the United States will be subject to import tax. This would have extremely harmful effects on our domestic carpet industry for two reasons:

1. It would supply foreign carpet producers with an additional unfair competitive ad-

vantage. They could purchase this 175 million pounds without paying a duty and would undoubtedly use it to increase their imports to the United States.

2. It would force domestic carpet producers to concentrate their purchases on the remaining 200 million pounds of the annual carpet wool output, thus raising its price and tending to make its price subject to rather wide fluctuation depending on the condition of domestic business.

Congress recognized these considerations when it passed Public Law 85-418 known as the carpet wool bill in 1958. These considerations we believe are equally compelling today in indicating the need for the passage of H.R. 9322.

The only other American industry which uses some of the imported wools in the classifications covered under H.R. 9322 is the papermakers'-felt industry and existing evidence indicates that industry has not and should not suffer from duty-free importation of such wools to the carpet industry. Incidentally, H.R. 9322 also permits the entry of these wools on a duty-free basis for use by the papermakers'-felt industry.

In view of the foregoing considerations we wish to ask your earnest support for passage of H.R. 9322 in the Senate. We want to assure you that your interest in this and in the other problems of the carpet industry is very much appreciated.

Very truly yours,
HERBERT L. SHUTTLEWORTH 2D,
President.

Mr. JAVITS. Mr. President, I, too, should like to express my support of this bill.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an explanation of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

H.R. 9322, as passed by the House of Representatives, would make permanent the existing suspension of import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets, and certain other products, to add papermakers' felts to such list of products, and to authorize the Secretary of Agriculture (pursuant to law) to establish modern standards for determining grades of wools.

The Committee on Finance amended the bill to provide for a 3-year extension of the suspension, until the close of June 30, 1963. Although the duty on some of the coarse wools affected by the bill has been suspended for the past 2 years, the Finance Committee felt it would be advisable to limit the extension to a 3-year period for the purpose of enabling a review of the situation at the end of that period.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to extend the existing suspension of duties on certain coarse wool."

FREE IMPORTATION OF PERSONAL AND HOUSEHOLD EFFECTS

The Senate proceeded to consider the bill (H.R. 9881) to extend for 2 years the existing provision of law relating to the free importation of personal and

household effects brought into the United States under Government orders, which had been reported from the Committee on Finance, with an amendment, on page 1, after line 9, to insert a new section, as follows:

SEC. 2. Effective with respect to articles entered, or withdrawn from warehouse, for consumption, after the expiration of thirty days after the date of enactment of this Act, such section is further amended by adding at the end thereof the following new subsection:

"(c) The exemption provided for in this section for a person or members of his family shall be applied to articles up to but not exceeding in aggregate value \$5,000, and shall not be allowed in the case of an assignment of less than six months."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend and extend for two years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders."

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an explanation of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of H.R. 9881, as amended, is to extend for 2 years, until July 1, 1962, with certain restrictions, the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders. The amendment adopted by the Committee on Finance provides that the exemption from duties for personal and household effects shall apply only to articles valued in aggregate at not more than \$5,000 and shall be allowed only when the foreign assignment involved is for 6 months or longer.

REASON FOR COMMITTEE AMENDMENT

The increasing assignment of personnel from the United States to foreign countries has provided opportunity for occasional very large amounts of personal and household goods to be brought from abroad without payment of duty. While the committee agrees that, in principle, it is equitable for a reasonable amount of such goods to be brought back by the returning citizen who has been abroad on assignment, there should be some limitation which would provide adequate latitude but prevent abuses of the privilege. Even though it may be agreed that there are few instances where there may be the desire or the ability to import inordinate amounts under this free proviso, the privilege, without the amendment, would provide opportunity for abuse. It was felt by the committee that the need for the importation of more than \$5,000 worth of personal and household effects would be rare indeed, and those who could, and wished, to import more should pay duties on the excess. It should be pointed out that this privilege of importing personal and household effects up to \$5,000 is in addition to the free importation allowance for miscellaneous articles up to \$500 which each citizen is permitted to bring back into the United States free of duty if he has been absent from this country for at least 15 days.

The Committee also felt that, although most foreign assignments were for a duration

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

CONTENTS

Issued June 2, 1960
For actions of June 1, 1960
86th-2d, No. 99

Acreage allotments.....	19		
American Samoa.....	26		
Appropriations.....	13,16,37		
ARS.....	13		
Cotton.....	14		
Credit.....	39		
Defense production.....	20		
Depressed areas.....	23		
Electrification.....	27,40		
Farm loans.....	24,33		
Farm machinery.....	10	Legislative	Saline water.....29
Farm program.....	12	program.....	11,12,24
Foreign aid.....	12,37	Military construction.....	5
Forestry.....	9,24,35	Minerals.....	34
Freight forwarders.....	8	Minimum wage.....	12
Fruits and Nuts.....	15	Personnel.....	7,31,36
Information.....	4,18	Postal rates.....	4
Interest rates.....	22	Property.....	7
Labor standards.....	38	Reclamation.....	17
Land grant colleges.....	19	Research.....	1,13,29
			Small business.....20,25
			Sugar.....19,28
			Transportation.....3,8,41
			Water compact.....32
			Water resources.....21
			Watersheds.....2
			Wheat.....12
			Wildlife.....30
			Wool imports.....6

HIGHLIGHTS: House committee voted to report sugar bill. House committee reported bill to extend minimum national quota for extra long staple cotton. Senate appointed conferees on industrial uses research bill. House received supplemental appropriation estimate for research on chemical residues. House agreed to conference report on Treasury-Post Office appropriation bill. Rep. Hoeven introduced sugar bill.

SENATE

1. RESEARCH. Conferees were appointed on S. 690, the industrial uses research bill to create an Agricultural Research and Development Commission. House conferees have not yet been appointed. pp. 10711-2
2. WATERSHEDS. The Agriculture and Forestry Committee reported with amendment S. 3383, to amend Sec. 4 of the Watershed Protection and Flood Prevention Act so as to authorize Federal assistance on watershed projects prior to acquisition of land, easements, or rights-of-way needed in connection with works of improvement (S. Rept. 1495). p. 10677

The Agriculture and Forestry Committee approved the following watershed projects: Bad Axe, Wis.; Badger Creek, Iowa; Fishing Creek, S. C.; Marsh Creek,

Ky. and Tenn.; Mill-Picayune Creek, Iowa; Persimmon and Burnt Corn Creek, Miss.; and Tabo Creek, Mo. p. D484

3. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported without amendment H. R. 10840, to extend for 1 year, until June 30, 1961, the period during which ocean steamship lines may, with the approval of the Federal Maritime Board, utilize the two-rate system of charging for transportation service (S. Rept. 1497). p. 10677
 4. POSTAL RATES; INFORMATION. The Post Office and Civil Service Committee reported with amendments H. R. 4595, to clarify and make uniform certain provisions of law relating to special postage rates for educational, cultural, and library materials (S. Rept. 1496). p. 10677
 5. MILITARY CONSTRUCTION. Both Houses agreed to the conference report on H. R. 10777, the military construction authorization bill. This bill will now be sent to the President. pp. 10704-7, 10744-6
 6. WOOL IMPORTS. Both Houses appointed conferees on H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool. pp. 10707, 10747
 7. PERSONNEL; PROPERTY. Both Houses appointed conferees on H. R. 9881, to extend for two years the existing provisions of law relating to the free importation of personal and household effects brought into the U. S. under Government orders. pp. 10707, 10747
 8. FREIGHT FORWARDERS; TRANSPORTATION. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) H. R. 5068, to amend the Shipping Act of 1916 to provide for licensing independent freight forwarders. p. D484
 9. FORESTRY. H. R. 7681, to provide for the transfer from Interior to this Department of certain authorities for the exchange or sale of forest land and timber, was made the unfinished business. p. 10741
 10. FARM MACHINERY. Sen. Proxmire inserted a newspaper article discussing the increased imports of tractors and other farm machinery and the possible effects of such imports on the production of farm machinery in this country. pp. 10715-7
 11. LEGISLATIVE ACCOMPLISHMENTS. Sen. Johnson inserted a summary of legislation passed during the second session of this Congress, as of June 1, 1960. pp. 10740-1
 12. LEGISLATIVE PROGRAM. Sen. Mansfield stated that it was unlikely that wheat legislation would be considered this week (p. 10675). Sen. Johnson announced that the calendar will be called today, June 2 (p. 10740). Sen. Johnson listed legislation he expects to be enacted during the remainder of this session, including farm legislation, a bill to increase minimum wage rates, and the mutual security bill (p. 10741).
- HOUSE
13. APPROPRIATIONS. Received from the President a supplemental estimate for the fiscal year 1961 (House Doc. 403); to Appropriations Committee. This document includes \$1,500,000 for the Agricultural Research Service for additional research

items, including seven or eight locations in the United States. At the same time, when we came to the conference, there was very strong objection to the entire program—although not to any specific location. The program had never been tried out, and only one of the services had requested such housing. The gentleman who was the author of the original provision in the Housing Act, last year, was a member of the conferees on this bill. He had changed his conclusion about the merits of the matter, and the House was very firm indeed in its position that it would not yield as to any line item at this time. So, under those conditions, the Senate conferees receded from all the line items. The authorization still is in the law, with the provision, now, that there has to be a specific line item authorization.

So I can say to the Senator from South Dakota that that leaves the law as it is, but takes out all line authorizations for this year; and I think the Department of Defense, the services, and our committee will have to make a further study, by next year, of the probable merits of this program. If it is to be adopted at all, I think the item for one of the bases in the Senator's State would certainly be included in any favorable action taken, because it has merit if there is merit anywhere.

Mr. CASE of South Dakota. I appreciate the statement of the Senator from Mississippi.

I thought it desirable to have the statement with respect to the conference made at this time. Section 810 seems to infer a possible effort to provide some housing, and to have some advantage over situations under Capehart housing or over situations under military housing. The services might well give consideration to it the next time when they come to make specific recommendations for housing at specific places.

Mr. STENNIS. I thank the Senator from South Dakota for his contribution.

Mr. President, I move that the report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. MAUREY, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. FORAND, Mr. KING of California, Mr. MASON, and Mr. BYRNES of Wisconsin were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 9881) to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders; asked a conference with the Senate on the disagreeing votes of

the two Houses thereon, and that Mr. MILLS, Mr. FORAND, Mr. KING of California, Mr. MASON, and Mr. BYRNES of Wisconsin were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10569) making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1961, and for other purposes, and that the House insisted upon its disagreement to the amendment of the Senate numbered 6 to the bill.

The message also announced that the House had agreed to the report of the committee of conference on this disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 10777) to authorize certain construction at military installations, and for other purposes.

PERMANENCY OF EXISTING SUSPENSION OF DUTIES ON CERTAIN COARSE WOOL

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD of Virginia. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. CARLSON, and Mr. BENNETT conferees on the part of the Senate.

EXTENSION OF EXISTING PROVISIONS OF LAW RELATING TO FREE IMPORTATION OF PERSONAL AND HOUSEHOLD EFFECTS

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 9881) to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD of Virginia. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. CARLSON, and Mr. BENNETT conferees on the part of the Senate.

EXCISE TAX EXTENSION REPORTED FOR HOUSE ACTION

Mr. KEATING. Mr. President, before discussing the unfinished business and making some remarks in regard to private enterprise and our foreign economic policies, I wish to say a few words about a matter which just now has come to my attention—namely, the bill extending the Federal excise taxes on transportation and telephone services, which was reported yesterday by the House Ways and Means Committee under a closed rule. It is my understanding that, under the rule, this bill will not be subject to any amendments in the House. It apparently will be left to the Senate to decide on the specific matter of extending the local telephone tax, having in mind the recent public controversy over the proposal by Governor Rockefeller, of New York, that this tax be relinquished to the States.

I am very much concerned about the tax on local telephone service. As I have just indicated, Governor Rockefeller last year recommended that this particular part of the telephone tax be discontinued at the Federal level, and that, instead, it be levied by the States, for educational purposes.

This situation is complicated by the fact that last year Congress voted to repeal the telephone tax altogether, as of July 1, of this year. More recently, President Eisenhower made clear the position of the administration that this tax should be continued for the time being, in order to achieve certain desired objectives relative to our Federal fiscal budgetary policies.

Mr. President, I believe it appropriate here to recall some of the facts relevant to the background of the issues highlighted by the action taken yesterday by the House Ways and Means Committee.

The Commission on Federal-State Relations, the so-called Kestnbaum Commission, was one of the originators of the proposal that the Federal telephone excise tax should revert to the States. The Kestnbaum Commission tied in this recommendation with a broad analysis of the functions and scope of our Federal system of government.

In December of 1957, the Joint Federal-State Action Committee, appointed by the President, and composed of administration officials and some 10 State Governors, made a strikingly similar proposal. I ask unanimous consent that an excerpt from the report of this committee be printed at this point in the Record, in connection with my remarks.

There being no objection, the excerpt from the report was ordered to be printed in the Record, as follows:

LOCAL TELEPHONE SERVICE TAX

The Joint Federal-State Action Committee believes that the local telephone service tax is a logical revenue source for State and local governments. It recommends, therefore, that the Federal tax on local telephone service be changed so as to provide a 40-percent tax credit to those States enacting a 4-percent local telephone tax, not counting taxes already levied prior to the adoption of the credit device. This would mean that the Federal liability under the local telephone service tax would be discharged to the extent of 40 percent for any taxpayer paying

this amount of tax to his State government. At the end of 5 years, the Federal levy should be reduced 4 percentage points automatically.

The Joint Federal-State Action Committee recommends that—

1. The President request Congress to take necessary action to provide up to a 40-percent Federal tax credit against the Federal local telephone service tax for States enacting or increasing such taxes, the credit arrangement to last for 5 years at which time the Federal tax will automatically be reduced by 4 percentage points.

2. The Governors and the legislatures of the several States take necessary steps to avail themselves of this additional revenue source.

Mr. KEATING. Mr. President, a number of very large and fundamental questions arise here, and are crucial to the scope and functions of the governments of our 50 States and of the Federal Government. I shall not take time to recount them now. However, am very much concerned that complete and careful study be given to all of these issues by the Congress and, of course—in light of the closed-rule action in the House—particularly by the Senate and by the Senate Committee on Finance, before action is taken on the legislation extending the Federal telephone excise on local service. I intend to bring to the attention of the Senate Finance Committee all of the material I have collected on this issue, including a number of statements having to do with Governor Rockefeller's proposal that this particular tax be relinquished to the States, for purposes of education.

Mr. President, I wish today to call attention to the enabling legislation passed by the State of New York in anticipation of the July 1 expiration of the telephone excise tax. This legislation would permit New York school districts, where qualified, to levy a local telephone excise tax for educational purposes. Included here is the statement by Governor Rockefeller in approving this legislation. In it, he outlines the background of his proposal and the major reasons which he feels justify its adoption.

Mr. President, I ask unanimous consent that the statements just referred to be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, April 8, 1960.

MEMORANDUM ON THE LOCAL TAX FOR SCHOOL PURPOSES ON GENERAL TELEPHONE SERVICE

(Memorandum No. 1 filed with assembly bill, introductory No. 4678, print No. 5538, entitled "an act to amend the tax law, the education law, the highway law, the State finance law, the penal law, the correction law, and the mental hygiene law, in relation to a local tax, for school purposes, on payments for general telephone service, increasing State aid to cities having a population of 1 million or more inhabitants, altering certain formulas for State assistance to localities, making appropriations therefor and requiring the commissioner of education to assemble certain data.")

This bill seeks to provide a substantial new source of revenue to local school districts throughout the State to help meet the mounting cost of elementary and secondary

education. This new source of revenue can be of great significance in retaining at the local level the primary responsibility for the quality of educational services and facilities made available to our youth.

In 1959, by explicit action of Congress and the President, an expiration date of June 30, 1960, was fixed for the Federal tax on local telephone service. It would now require affirmative congressional action and approval by the President to reimpose this expiring Federal tax. The authorization to local school districts contained in this bill assumes that no such Federal action will be taken and makes such tax available for local imposition.

We are faced with the stark fact that if local school districts are not given additional taxing powers, the State and Federal Governments will have to absorb an ever-greater proportion of the increasing costs of public education. Should this occur, the fundamental concept of local control of education will indeed be threatened. The larger the share of school funds coming from central government, be it Albany or Washington, the greater the centralization of control of educational policies. Experience teaches that control comes largely from the same place as the source of funds.

In addition, the larger the percentage of funds for local expenditure coming from Central Government, the less responsibility, economy, and efficiency in local administration are encouraged. In many areas of our State real estate taxes are approaching the point of saturation as a means of financing the costs of education and local government. The need is urgent for returning revenue sources as well as responsibility to the localities where the funds are spent.

Under this bill the collection of the local telephone tax by school districts requires affirmative action by school authorities representing a majority of the public school children in a county. Although requests for the imposition of the tax will originate with the individual school districts, the tax must be imposed countywide, or citywide in the city of New York, or not at all. Revenues will be distributed, within the county (or city of New York) in which collected, to the constituent school district or districts on the basis of the weighted average daily attendance of resident public school children. By prompt action of individual local school districts, this significant source of revenue, amounting to more than \$70 million annually, from the State as a whole, can be made available to our public schools for the 1960-61 school year, provided Congress takes no new action to reimpose the tax.

The steps which local school authorities should now follow to assure the valid imposition and collection of this local telephone tax, assuming it will become available, are outlined in the following section of this memorandum.

PROCEDURE FOR ESTABLISHING LOCAL TELEPHONE TAX

(A) Hearing required prior to action by school authorities:

1. If the annual meeting is to be held on the first Tuesday of May (May 3, 1960) the hearing must be held in conjunction with the annual meeting.

2. If the annual meeting is not held on the first Tuesday in May (May 3, 1960), a hearing must be held at an independent meeting called upon due notice as provided in the bill.

3. At any such hearing or annual meeting a reasonable opportunity for the expression of views on the proposed tax is to be afforded residents of the school district.

(B) Action by school authorities: School authorities of a school district desiring revenues from the tax must adopt a resolution requesting the imposition of the tax. Such resolution must—

1. Be adopted by a majority vote of the school authorities of a school district (e.g., board of education, trustees of common school district); and

2. Be adopted in time to permit the filing of the resolution with the State commissioner of education by June 30, 1960.

In the city of New York the establishment of the tax must be requested by the City Board of Education, which request must be concurred in by the local legislative body of the city. Special hearing requirements are provided with respect to establishing the tax in New York City.

(C) Action by the Commissioner of Education: When sufficient requests have been filed with the Commissioner to require the collection of the tax, the Commissioner must certify that fact to the telephone companies. Such certification must be accomplished within 15 days of the filing with him of the last request necessary to constitute representation of the majority of public schoolchildren residing in a county in which the tax is sought to be collected.

(D) Tax-rate, returns and distribution of revenues:

The 10-percent tax on payments for local telephone service is the same tax which is now imposed by the Federal Government and is due to expire on June 30, 1960. Governmental, charitable and educational institutions are to be exempt from the tax.

Returns must be filed by the telephone companies twice a year—by December 31 and June 30 of each year for the periods ending October 31 and April 30—such returns to be filed with the State Tax Commission.

Revenues are payable directly by the telephone companies to the individual school districts, on the basis of the total average daily attendance of resident pupils in the district compared with the total average daily attendance of all public school pupils resident in the county. Copies of the tax return filed with the State Tax Commission must be filed with each school district.

CONCLUSION

Combining needed relief from additional real property taxation and the retention of responsibility for educational policy and finance at the level of government most responsive to the will of the people, this measure represents a desirable step forward in our continuing effort to provide the best possible educational opportunities for our youth.

The bill is approved.

NELSON A. ROCKEFELLER.

OVERALL LIMITATION ON FOREIGN TAX CREDIT

The Senate resumed the consideration of the bill (H.R. 10087) to amend the Internal Revenue Code of 1954 to permit taxpayers to elect an overall limitation on the foreign tax credit.

PRIVATE ENTERPRISE AND OUR FOREIGN ECONOMIC POLICIES

Mr. KEATING. Mr. President, House bill 10087 raises broad and critical questions as to the ways in which our Government should encourage Americans to invest in the underdeveloped areas of the world. To what extent do tax incentives promote foreign investment? To what extent do these incentives merely give a tax advantage to American firms which are big enough to expand their operations into developed countries in order to take advantage of the foreign tax credit?

What is the best way to structure and administer the foreign tax credit—assuming, that is, that it should exist at all?

dropped food and other supplies for the stricken population, and sandbags to reinforce the sagging dikes.

Fifth. Polio, 1951-52: In January 1953 a Citation of Honor was presented to MATS by the National Foundation for Infantile Paralysis in recognition of the MATS cooperation during the preceding 2 years in "transferring polio patients for treatment and in flying essential equipment into epidemic areas during emergencies."

Sixth. Polio, 1956: In March, MATS airlifted a load of iron lungs and other medical equipment to Buenos Aires, Argentina, during a polio epidemic.

Seventh. Safe Haven, 1956-57: MATS airlifted 14,263 Hungarian refugees from Germany to the United States when Soviets crushed an uprising in Hungary.

Eighth. Japan, 1959: In September, when the city Of Nagoya was ravaged by Typhoon Vera, MATS C-124's flew more than 200 tons of food and clothing, blankets and medical supplies from Tachikawa to Komaki Air Base.

Ninth. Morocco, 1960: MATS aircraft airlifted 371,000 pounds of emergency equipment—shelters, cots, and bedding—Yo Agadir, Morocco, after earthquakes had buried that city. MATS then airlifted medical crews and supplies, water and an Army Battalion with its earth-moving equipment to relieve the buried city.

Tenth. Brazil, 1960: When the Ceara and Tiaum areas of Brazil were devastated by floods in April, MATS C-124's airlifted emergency equipment, medical supplies and two helicopters to the scene of the disaster remaining to fly airlift support for the rescue operations that followed.

Hats off to MATS and the Army for their timely participation in this mercy airlift and our sincerest condolences to our friends in Chile.

REPORTS FROM THE COMMITTEE ON THE JUDICIARY

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have until midnight tonight to file reports on the bills S. 2052, H.R. 7726, H.R. 7727, and House Joint Resolution 659.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection?

FREE IMPORTATION OF PERSONAL AND HOUSEHOLD EFFECTS

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9881) to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, with Senate amendments thereto, disagree to the amendments and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair

hears none and appoints the following conferees: Messrs. MILLS, FORAND, KING of California, MASON, and BYRNES of Wisconsin.

SUSPENSION OF DUTIES ON CERTAIN COARSE WOOL

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, with Senate amendments thereto, disagree to the amendments of the Senate and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MILLS, FORAND, KING of California, MASON, and BYRNES of Wisconsin.

SEWER SYSTEM FOR DULLES INTERNATIONAL AIRPORT

Mr. McMILLAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12063) to authorize the Commissioners of the District of Columbia to plan, construct, operate, and maintain a sanitary sewer to connect the Dulles International Airport with the District of Columbia system, and ask unanimous consent that general debate be limited to 1 hour, to be equally divided and controlled by myself and the gentleman from Virginia [Mr. BROYHILL].

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12063) with Mr. RABAUT in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. McMILLAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this bill provides that the District of Columbia construct, operate, and maintain a sewer line, consisting of an interceptor extending some 30 miles up the Potomac River from Washington, and a lead-in to the Dulles International Airport. The capacity of this interceptor shall be sufficient to serve not only the airport itself, but the anticipated population growth of the surrounding area as well.

The sewage is to be conducted to the District of Columbia treatment plant, located at the southernmost point of the city on the Potomac River. Thus, for the first time, a means will be provided to eliminate all contamination from the Potomac River above the intakes for the District of Columbia water supply, both for the present and for the foreseeable future.

This project is to be accomplished with a \$3 million contribution from the Federal Government for the initial part of the work, and a loan of \$25 million from the U.S. Treasury. This loan is to be

repaid with interest over a period of 40 years. Such debt payments, plus all costs of operation and maintenance of the sewer, are to be paid from fees charged to the users of the facility, which will include several Federal Government installations. These charges are to be received by and disbursed from a metropolitan area sanitary works fund, which is provided for in the bill for that purpose.

This plan distributes the burden of financing fairly and equitably among the localities which will benefit from the interceptor, and maintains at the same time a degree of participation by the Federal Government commensurate with its responsibility to those localities in connection with the project.

The Committee on the District of Columbia of the House of Representatives unanimously endorsed this bill, and as chairman of that committee I am pleased indeed to recommend it to the Congress.

Mr. BROYHILL. Mr. Chairman, I yield myself 11 minutes.

Mr. Chairman, as stated by the gentleman from South Carolina [Mr. McMILLAN] the primary purpose of this legislation is to prevent the contamination of the water supply system of the Nation's Capital. It would prevent further pollution of the Potomac River above our water supply intake by any community or any Federal installation which is a threat caused primarily by the construction of the Dulles International Airport at Chantilly, Va.

The sum of \$84 million has been appropriated for the construction of that facility, and it is contemplated that the total cost will be far in excess of \$100 million.

The net effect of the legislation is that it will authorize the Commissioners of the District of Columbia to construct a trunk line, referred to in the bill as an interceptor, up the Potomac River within the area of or in the vicinity of the airport so that all of the airport sewage can be taken care of, as well as that of the satellite developments which will necessarily follow construction of such a huge Federal installation.

The total cost of this sewer interceptor would be approximately \$28 million, to be paid for, No. 1, by \$3 million Federal funds, or Federal contribution, as its share of the cost of such facility—for, after all, that is the facility and the installation that we are serving by this sewer line—and a \$25 million loan to the District of Columbia, which will be paid back over a period of 40 years with interest. That money will be obtained by charging different agencies and different communities and different departments a sewer fee for tapping in and utilizing the system. Now, this sewage would be brought down into the District of Columbia and treated at the Blue Plains treatment plant and discharged into the Potomac River well below any of our water supply intakes.

Now, the question may arise, Mr. Chairman, why is this a congressional matter? Why do we have it before us? Why is this a Federal responsibility, and

why are we using this method or suggesting this method of solution?

Well, by way of background, the Congress authorized back in 1950 the construction of a second national airport to serve our Nation's Capital. It was not asked for by the communities in the area. It was deemed necessary to properly serve the Nation's Capital. We had a lot of problems in trying to determine what would be an adequate location for such an airport, and after 7 or 8 years it was decided and agreed upon that the most suitable location for the airport would be out here at Chantilly, which is about 27 miles from Washington. In the original request for appropriations, in the original plans, it was proposed that \$750,000 be spent to treat the sewage and discharge it into the Potomac River above our water supply intake. Now, every community, every agency was horrified at the thought that we would be discharging treated sewage or any sort of sewage into our Potomac River above the place that we derived our water supply from, so we went to work to try to determine some other solution of that problem, some other method of handling that sewage. We tried to get the different communities together, to get them to construct a sewer line and to charge the Federal Government for the use of the line. However, the airport was being constructed in virgin territory, and it made it economically unfeasible to have any community construct such a massive system at this time until more development took place in order to make the system pay for itself. Furthermore, it was too big an undertaking for any one community. It would have exceeded their debt limit. Then we tried to establish an authority where several communities would enter into the picture and obtain a Federal loan to finance the project.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Where was the Department of Health when they were doing this?

Mr. BROYHILL. They were included in the negotiations along with other Federal agencies.

Mr. HOFFMAN of Michigan. Did they consent to this?

Mr. BROYHILL. No, indeed. They did not consent to the dumping of the sewage into the Potomac above our water intake, but they do consent to this program we have before us today.

Mr. HOFFMAN of Michigan. I was referring to the original agreement.

Mr. BROYHILL. They did not agree to that.

Mr. HOFFMAN of Michigan. Why anyone would be so dumb as to dump their sewage into their drinking water, I do not know.

Mr. BROYHILL. That is what we are trying to prevent by this legislation.

Mr. HOFFMAN of Michigan. That is all right; but it is a little late, is it not?

Mr. BROYHILL. The Authority idea that I was referring to a moment ago was impossible because there was no

source of revenue to finance such an Authority. We could not obtain a Federal loan because there was no authorization for that and certainly it would have established an unfavorable precedent, perhaps, if such legislation were enacted.

Last year, just before adjournment, as many of the Members will recall, we came before the Congress with a compromise solution to this problem; it was a very unsatisfactory compromise and the Congress in its wisdom turned it down. That compromise would have constructed a limited trunkline all the way from Dulles Airport into the Blue Plains treatment plant which was to serve the airport itself. That would not solve the problem, because the installation itself attracts other developments in the area and we would certainly be penny wise and pound foolish if we just took care of the sewage of the Federal installation itself and then required the surrounding communities to dump their sewage into the Potomac above our water supply intake. So when the Congress turned down that compromise last year we went back into conference and negotiations in an effort to work out another solution. We worked for 9 months on it. We consulted all the Federal agencies involved and we consulted all the communities involved. We came up with the idea that maybe the Corps of Engineers could do this job. In fact, that was recommended by the Federal Aviation Agency to the Bureau of the Budget. There, again, was an objection because again we did not want to establish a precedent, we did not want to put the Federal Government into the sewer business. Then we came up with this solution that we have before us today. Let one of the communities do the job. We designated the District of Columbia as the most logical of the communities, because they are already in the sewer business. They are already taking care of sewage disposal for many Federal installations in many of the surrounding communities. They are able to do it, they are capable of doing it. And there, again, with a \$25 million Federal loan we find that over a period of 40 years this system can pay for itself.

I meant to say a moment ago that the reason for the Federal loan was the fact that the District of Columbia cannot issue bonds as other communities can. Therefore, its only means of borrowing is from the Federal Government.

Now as to why this is a congressional matter and a Federal responsibility. This is our Nation's Capital. Maintaining a clean Potomac River that flows by our Nation's Capital is a Federal responsibility. The condition of that river today is a disgrace, a national disgrace and an international disgrace. We cannot pass the buck by turning up our nose, or even if we held our nose pass the buck, and say that someone else is responsible for it. We have got to do our part to help clean up this stream which is part of the scenic beauty of our Nation's Capital.

It is our responsibility because this is a Federal industry that is causing the problem to start with. It is our responsibility as an industry to take care of the treatment of our own sewage. Also it is

our responsibility to help the communities, because we are creating an impact here, to take care of this sewer.

This does not contradict the position of the Congress in the National Pollution Act because we stated in that act that it is a responsibility of communities and industry not to infringe upon their neighbors, not to dump their sewage above the water supply intake of the neighboring community. We must set an example to other communities and governments and industries to follow.

This legislation will eliminate the threat of the contamination of the water supply system here for the Nation's Capital. It will do the job. In the long run it will cost the taxpayers of this country nothing, because this system, as I said before, will be paying for itself. It is a major step in the direction of cleaning up this Potomac River, and that I know is the objective of every Member of this body.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Iowa.

Mr. GROSS. I know there is a lot of internationalism in Washington, but I did not know that the Potomac was an international river. Is that what the gentleman is saying?

Mr. BROYHILL. I certainly do not refer to the Potomac River as an international river. I say that the condition of that river is a disgrace and a reflection on our National Government that we allow it to continue in such condition.

Mr. GROSS. The gentleman referred to it as international in character.

Mr. BROYHILL. It is an international disgrace, and a national disgrace, and a local disgrace. I will stand by that statement.

Mr. Chairman, at the risk of being overly repetitious, I should like to summarize by saying that in January 1958 President Eisenhower approved the Chantilly, Va., site for the new Dulles International Airport, and directed the Federal Aviation Agency to proceed with its design and development with construction to be completed in early 1961.

Early in the planning of the airport, it was realized that one of the large-scale problems involved was that of adequate sewage treatment and disposal, not only for the airport itself but for the very heavy impact of population which will inevitably mushroom in the surrounding area as a result of the installation of the airport. The magnitude of this problem is best illustrated by the Federal Aviation Agency's estimate that the airport and surrounding population will require facilities to handle about 18 million gallons of sewage a day.

Inasmuch as this problem is a direct result of a Federal Government project, its solution obviously is a responsibility of the Federal Government.

In the original appropriation for the construction of the airport, \$750,000 was included for the construction of a sewage treatment plant on the airport. This plan, however, was utterly inadequate for several reasons. First, such a

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

CONTENTS

Issued June 8, 1960.
For actions of June 7, 1960
36th-2d, No. 103

Animal feeds.....	12
Casein imports.....	5
Color additives.....	1
Conservation.....	21
Cooperatives.....	15
Dairy price supports....	10
Farm program.....	19
Feed mill.....	15
Fertilizers.....	12
Fisheries.....	22
Flood control.....	4
Foreign affairs.....	6
Foreign trade.....	7
Foreign travel.....	11
Forestry.....	17
Health.....	24
Household effects.....	5
Interest rates.....	8
Legislative program.....	17
Marine research.....	12
Patents.....	9
Reclamation.....	2
Recreation.....	4
Research.....	9, 12, 16
Sugar.....	14, 23
Textiles.....	20
Water resources.....	18
Wheat loans.....	13
Wildlife.....	3
Wool imports.....	5

HIGHLIGHTS: Sen. Proxmire urged increased price supports for dairy products. Rep. Hoeven introduced sugar bill.

HOUSE

1. COLOR ADDITIVES. The Interstate and Foreign Commerce Committee reported with amendment H. R. 7624, to amend the Federal Food, Drug, and Cosmetic Act so as to authorize the use of suitable color additives in or on foods, drugs, and cosmetics in accordance with regulations prescribing the conditions (including maximum tolerances) under which such additives may be safely used (H. Rept. 1761) p. 11193
2. RECLAMATION. Requested the President to return S. 1892, to authorize construction of the Norman, Okla., reclamation project, for a correction in the engrossed copy of the bill. p. 11152
3. WILDLIFE. The Fisheries and Wildlife Subcommittee of the Merchant Marine and Fisheries Committee voted to report to the full committee H. R. 12449, to amend the Migratory Bird Treaty Act to increase the penalties for violation of that Act. The "Daily Digest" states that this bill was amended with instructions to introduce a clean bill. p. D517
4. RECREATION; FLOOD CONTROL. The Flood Control Subcommittee of the Public Works Committee voted to report to the full committee H. R. 900, to provide that 75%

of receipts from certain recreational activities in connection with lands acquired for flood control and other purposes shall be paid to the State.
p. D517

5. IMPORTS. The "Daily Digest" states that conferees agreed to file conference reports on the following bills: p. D517

~~H. R. 9862, to extend the suspension of the import duty on cassia until June 30, 1963;~~

~~H. R. 9881, to extend for two years the existing provisions of law relating to the free importation of personal and household effects brought into the U. S. under Government orders;~~

H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool.

6. FOREIGN AFFAIRS. Rep. Wolf inserted an article describing the work being done by the ICA mission in their programs of community development in rural villages in the Philippines and other underdeveloped areas. pp. 11163-4

7. FOREIGN TRADE. Rep. Morse inserted, and he and several other Representatives criticized, a recent study report on reorganization of the Organization for European Economic Cooperation by calling it an attempt "to circumvent the constitutional provisions which place in the Congress ... the control of the trade policies ..." pp. 11164-85

8. INTEREST RATES. Rep. Patman criticized the administration's interest rate policy which, he stated, will cost the taxpayers \$130,000,000 for refinancing bonds before these bonds mature. pp. 11185

9. PATENTS; RESEARCH. Rep. Holifield discussed his reasons for believing that "the Government ... should own patents resulting from work it has financed" and inserted a statement by Admiral Rickover to back his position. pp. 11185-92

SENATE

10. DAIRY PRICE SUPPORTS. Sen. Proxmire inserted portions of the testimony before the Senate Agriculture and Forestry Committee on S. 2917, to increase dairy price supports, including the testimony of this Department, and stated, "it seems to me these hearings make a devastating case for the bill. It would cost the Federal Government very little. It would significantly increase the depressed income of the dairy farmers of this Nation." pp. 11106-16

11. FOREIGN TRAVEL. Passed as reported S. 3102, to strengthen the domestic and foreign commerce of the U. S. by providing for the establishment of an Office of International Travel and Tourism and a Travel Advisory Board. pp. 11139-45

12. MARINE RESEARCH. The Interstate and Foreign Commerce Committee reported with amendments S. 2692, to provide a ten-year program of oceanographic research and surveys, including research on the utilization of marine products for human consumption, animal feeds, and fertilizers and organic chemicals (S.Rept. 1525). p. 11098

13. WHEAT LOANS. Sen. Morse inserted two letters from Oregon farmers defending the CCC loans they had received on their wheat crops, and Sen. Morse stated the letters "will provide many of the answers to ill-informed persons unfamiliar with the operation and financing of wheat farms." p. 11146

FISH—BIRDS—WILDLIFE DISEASE

Committee on Merchant Marine and Fisheries: The Subcommittee on Fisheries and Wildlife held a hearing on H.R. 2777, to amend the Fisheries Cooperative Marketing Act. A statement was read on behalf of Representative McCormack and testimony was heard from officials of the Fish and Wildlife Service.

After the open hearing the subcommittee, in executive session, ordered reported to the full committee H.R. 12449 (amended, with instructions to introduce a clean bill), to amend the Migratory Bird Treaty Act to increase the penalties for violation of that act. Also considered but took no final action on H.R. 2777 (title above); and H.R. 7455, to provide for the establishment of a National Wildlife Disease Laboratory.

POSTAL RATE INCREASES

Committee on Post Office and Civil Service: Continued on proposed postal rate increases and heard testimony from the last public witnesses that were scheduled to testify on the subject. Wednesday, June 8, the committee will hear testimony from officials of the Post Office Department.

RETIREMENT

Committee on Post Office and Civil Service: Subcommittee on S. 2857 met in executive session to consider S. 2857, to amend the Civil Service Retirement Act to permit the retirement on full annuities, without regard to age, of those officers and employees with 30 years or more service. No final action was taken on the measure.

PUBLIC WORKS MISCELLANY

Committee on Public Works: The Subcommittee on Flood Control ordered favorably reported to the full committee (with instructions for the authors to introduce clean bills) H.R. 900 (amended), to provide that 75 percent of all moneys derived by the U.S. from certain recreational activities in connection with lands acquired for flood control and other purposes shall be paid to the State; H.R. 466 (amended), to provide compensation for certain property losses in the Tuttle Creek Reservoir project, Kansas; H.R. 3214 (amended), to implement section 4 of the act approved December 22, 1944, regarding development of recreational potential created by reservoir projects constructed with Federal funds; H.R. 5981 (amended), to authorize multiple-purpose development at Victory Reservoir site, Vermont; and H.R. 9721 (amended), to authorize adjustment, in the public interest, of rentals under leases entered into for the provision of commercial recreational facilities at the John H. Kerr Reservoir, Va.-N.C.

The subcommittee also approved 17 flood control resolutions.

PUBLIC DEBT LIMIT—TAX RATES

Committee on Rules: Granted a closed rule, waiving points of order, with 2 hours debate on H.R. 12381, to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act and to extend for 1 year the existing corporate normal-tax rate and certain excise-tax rates.

Witnesses testifying on granting of a rule were Representatives Mills and Mason.

WHEAT—FEED GRAINS

Committee on Rules: Held a hearing but took no action on H.R. 12261, to amend the Agricultural Adjustment Act of 1938, and the Agricultural Act of 1949, with respect to market adjustment and price support programs for wheat and feed grains, to provide a high-protein food distribution program.

Witnesses heard on granting of a rule were Representatives Cooley, Poage, Albert, and Wolf. The committee will continue hearings on this bill Wednesday, June 8.

SUBVERSIVE ACTIVITIES CONTROL ACT

Committee on Un-American Activities: Continued hearings to develop factual material pertaining to H.R. 11580, to amend the Subversive Activities Control Act of 1950 so as to provide that no individual who willfully fails or refuses to answer, or falsely answers, certain questions relating to Communist activities, when summoned to appear before certain Federal agencies, shall be employed on any merchant vessel of the U.S. or within certain waterfront facilities in the U.S. Testimony was presented by representatives of seamen unions.

Joint Committee Meetings

TARIFF

Conferees, in executive session, agreed to file conference reports on the following three bills: H.R. 9862, to ~~continue the existing suspension of duties on importation of certain shoe lathes~~; H.R. 9322, to make permanent the existing suspension of duties on certain coarse wool; and H.R. 9881, to extend the existing law relating to free importation of personal and household effects brought into the U.S. under Government orders.

COMMITTEE MEETINGS FOR WEDNESDAY,
JUNE 8

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, subcommittee, executive, to resume markup on H.R. 11998, Defense Establishment appropriations, 10 a.m., 1223 New Senate Office Building.

Committee on Banking and Currency, Housing Subcommittee, executive, on pending housing legislation, 10 a.m., 5302 New Senate Office Building.

Committee on the District of Columbia, Fiscal Affairs Subcommittee, on D.C. teachers pay legislation, 10 a.m., 6226 New Senate Office Building.

Committee on Finance, executive, on H.R. 10, proposed Self-Employed Individuals' Retirement Act, 10 a.m., 2221 New Senate Office Building.

Committee on Interior and Insular Affairs, Subcommittee on Irrigation and Reclamation, on S. 3557, to expand the saline water conversion program, 10 a.m., 3110 New Senate Office Building.

Committee on Interstate and Foreign Commerce, executive, on committee business, 10 a.m., 5110 New Senate Office Building.

Committee on the Judiciary, executive, on committee business, 10:30 a.m., 2300 New Senate Office Building;

Subcommittee on Administrative Practice and Procedure, on proposed revisions of S. 2374, to establish standards of conduct for agency hearing proceedings of record, 10 a.m., 2228 New Senate Office Building.

Committee on Labor and Public Welfare, executive, on S. 1046, proposing amendments to the Fair Labor Standards Act, 10 a.m., 4232 New Senate Office Building;

Subcommittee on Labor, on S. 2643, common situs picketing bill, 2 p.m., 4232 New Senate Office Building.

House

Committee on Agriculture, Subcommittee on Dairy and Poultry, on price supports on milk and butterfat, 10 a.m., 1310 New House Office Building.

Subcommittee on Conservation and Credit, on pending watershed projects, 10 a.m., 110-A George Washington Inn.

Committee on Armed Services, Subcommittee on Real Estate and Construction, executive, on various Army, Navy, and Air Force real estate projects, 10 a.m., 304 Old House Office Building.

Subcommittee No. 1, on H.R. 1970, relating to retired pay of certain retired officers of the Armed Forces; H.R. 12265, to authorize certain persons to administer oaths and to perform notarial acts for persons serving with, employed by, or accompanying the Armed Forces outside the U.S.; and H.R. 12415, relating to the definition of total commission service of certain officers of the naval service. Executive session on S. 19, to provide a method of regulating and fixing wage rates for employees of Portsmouth, N.H., Naval Shipyard, 10 a.m., 313-A Old House Office Building.

Committee on Banking and Currency, executive, on H.R. 12465, to provide for a simpler method of determining assessments under the Federal Reserve Act; and S. 3226, to amend the National Housing Act, 10 a.m., 1301 New House Office Building.

Committee on Education and Labor, executive, on minimum wage legislation, 9:45 a.m., 429 Old House Office Building.

Committee on Foreign Affairs, Subcommittee on State Department Organization and Foreign Operation, executive, on S. 2633, to amend the Foreign Service Act of 1946, 10:30 a.m., G-3 U.S. Capitol.

Committee on Government Operations, Subcommittee on Executive and Legislative Reorganization, on pending legislation, 10 a.m., 1501-B New House Office Building.

Committee on Interior and Insular Affairs, on pending legislation, 9:45 a.m., 1324 New House Office Building.

Committee on Interstate and Foreign Commerce, Subcommittee on Commerce and Finance, on H.R. 9310, 9349, and 10653, relating to misleading and false advertising of hardwood products, 10 a.m., 214-B New House Office Building.

Subcommittee on Communications and Power, on S. 1965, relating to terms of office of FCC and FPC Commissioners, 10 a.m., 1334 New House Office Building.

Subcommittee on Communications and Power, on H.R. 11095, to authorize the Federal Power Commission to delegate functions to members, officers, and employees, 2 p.m., 1334 New House Office Building.

Committee on the Judiciary, Subcommittee No. 2, on private claims bills, 10 a.m., 327 Old House Office Building.

Subcommittee No. 5, executive, on pending legislation, 2 p.m., 346 Old House Office Building.

Committee on Merchant Marine and Fisheries, executive, on H.R. 5383, to amend section 216 of the Merchant Marine Act, 1936, to clarify the status of the faculty and administrative staff at the U.S. Merchant Marine Academy, to establish suitable policies for such personnel, 10 a.m., 219 Old House Office Building.

Committee on Post Office and Civil Service, on postal rate increases, 10 a.m., 215 Old House Office Building.

Committee on Rules, to consider the granting of a rule on S.J. Res. 39, to amend the Constitution of the U.S. to grant representation in the electoral college to the District of Columbia; H.R. 12261, regarding market adjustment and price support programs for wheat and food grains, to provide a high-protein food distribution program; H.R. 12263, to authorize the conclusion of an agreement for the joint construction by the U.S. and Mexico of a major international storage dam on the Rio Grande in accordance with the provisions of the treaty of February 3, 1944, with Mexico; H.R. 12311, to extend for 1 year the Sugar Act of 1938, as amended; and H.R. 6597, to revise the boundaries of Dinosaur National Monument and provide an entrance road or roads thereto, 10:30 a.m., G-12 U.S. Capitol.

Committee on Un-American Activities, on Communist activities in waterfront facilities, 10 a.m., caucus room, Old House Office Building.



Congressional Record

appropriate provisions of Title 44, United States Code, and published for each day that one or both Houses are in session, excepting very infrequent instances when two or more unusually small consecutive issues are printed at one time. ¶ The Congressional Record will be furnished by mail to subscribers, free of postage, for \$1.50 per month, payable in advance. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington 25, D. C. For subscription purposes, 20 daily issues constitute a month. The charge for individual copies varies in proportion to the size of the issue. ¶ Following each session of Congress, the daily Congressional Record is revised, printed, permanently bound and is sold by the Superintendent of Documents in individual parts or by sets. ¶ With the exception of copyrighted articles, there are no restrictions on the republication of material from the Congressional Record.

The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by

HOUSE

MUTUAL SECURITY APPROPRIATION BILL, 1961. Began and concluded general debate on this bill, H. R. 12619 (pp. 11848-71, 11875-87). As reported by the Appropriations Committee the bill includes the following: Provides \$150,000,000 for technical cooperation, with a proviso that none of the funds shall be used to initiate any project or activity which has not been justified to the House and Senate Committees on Appropriations. Provides \$2,000,000 to finance the cost of ocean freight for relief supplies sent to needy persons abroad under the auspices of approved U. S. voluntary non-profit agencies. Provides \$550,000,000 for advances to the Development Loan Fund. Provides that none of funds appropriated shall be used to make loans to small farmers in foreign countries, or to study the advisability of a Point Four Youth Corps to train young people to serve abroad in the technical cooperation program. Provides \$5,250,000 for the Department of the Army for economic development, assistance, etc., in the Ryukyu Islands, with a proviso that the President may transfer to any other department or agency any of the functions performed by the Department of the Army. Provides that none of the funds appropriated for Defense Support, the Development Loan Fund, Special Assistance, or the President's Special Authority and Contingency Fund shall be used to finance the construction of any new flood control, reclamation, or other water or related land resource project or program which has not met the standards and criteria used in determining the feasibility of such projects in the U. S.

Regarding the use of surplus agricultural commodities by the United Nations Relief and Works Agency, the committee report states as follows:

"In view of the State Department's concurrence that it is possible to substitute up to a limit of \$6,000,000, the use of P. L. 480 Title II commodities as our contribution to this program, the Committee urges the Department to take such action during the coming fiscal year. These commodities should be purchased from the Commodity Credit Corporation. If they are not purchased the corresponding dollar savings should be placed in reserve."

5. PUBLIC LAW 480. "The Daily Digest" states that the Agriculture Committee "ordered the chairman to introduce a clean bill to amend the Agricultural Trade Development and Assistance Act of 1954 (P. L. 480, 83d Congress)." p. D562

16. MINIMUM WAGE. The Education and Labor Committee voted to report (but did not actually report) H. R. 12677, to amend the Fair Labor Standards Act of 1938 so as to increase the Federal minimum wage level. p. D562

17. NONFAT DRY MILK. Rep. Marshall called attention to "the dangerous situation confronting the dairy industry as a result of the gross misuse being made of large quantities of surplus nonfat dry milk under our export subsidy and relief programs overseas," contended that dry milk was recombined with coconut oil and water in certain countries and sold as regular fluid milk, and inserted several items on the matter. He urged support for legislation to prohibit any dairy commodity produced in the U. S. from being sold or disposed of under Public Law 480 for use outside the U. S. for filled milk or filled cheese, and inserted portions of the testimony on the agricultural appropriation bill for 1961 in which he questioned Assistant Secretary McLain regarding this proposed legislation and a statement from this Department stating that it had taken steps to assure that nonfat dry milk sold under Public Law 480 is not being used in the manufacture of filled milk or cheese. pp. 11871-5

18. WOOL. Received the conference report on H. R. 9322, to continue the suspension of duties on certain coarse wool (H. Rept. 1883) (p. 11845). As agreed to by

the conferees the bill would make permanent the existing suspension of import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products, would add papermakers' felts to such list of products, and would provide that the standards for determining grades of wools to be those established from time to time by the Secretary of Agriculture.

Passed without amendment H. J. Res. 696, to provide for the designation of September 1960 as "National Wool Month." pp. 11846-7

19. PROPERTY; PERSONNEL. Received the conference report on H. R. 9881, to extend for 2 years, until July 1, 1962, the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders (H. Rept. 1835) (pp. 11845-6). The conferees deleted a Senate amendment which would have provided that the exemption from duties for a person or members of his family would be applied to article up to but not exceeding in aggregate value \$5,000.
The Rules Committee reported a resolution for consideration of H. R. 9996, to amend the Federal Property and Administrative Services Act so as to prescribe procedures to insure that foreign excess property which is disposed of overseas will not be imported into the United States to the injury of the domestic economy. p. 11891
The Agriculture Committee voted to report (but did not actually report) H. R. 9732, to authorize the Secretary of Agriculture to convey a tract of Forest Service property in Calif. to the county of Trinity. p. D562
20. HOUSING. The Banking and Currency Committee was granted permission until midnight Sat., June 18, to file a report on H. R. 12603, the housing bill. p. 11846
21. WATERSHEDS. The "Daily Digest" states that the Agriculture Committee "approved 13 watershed projects." p. D562
22. FARM LOANS. The Interior and Insular Affairs Committee reported without amendment (June 14) H. R. 6456, H. R. 6498, and H. R. 6529, to exempt certain debts owed by members of the Crow Creek Sioux, the Standing Rock Sioux, and the Lower Brule Sioux, respectively, to the tribes and to the U. S. (including certain Farmers Home Administration loans) from being treated as an offset against compensation received by them for land taken in connection with the construction of the Fort Randall Dam and Reservoir project.
23. CASEIN IMPORTS. Received the conference report on H. R. 9862, to continue the suspension of duty on casein (H. Rept. 1884) (p. 11846). As agreed to by the conferees the bill continues until June 30, 1963, the existing suspension of duty on casein and lactarene, but provides that the suspension of duty is not to apply with respect to sodium caseinate, sodium phosphocaseinate, or other caseinates, any of which casein or lactarene is the component material or chief value.
24. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under the act; and H. R. 7810, to credit periods of interment during World War II to certain Federal employees of Japanese ancestry for purposes of the Civil Service Retirement Act and the Annual and Sick Leave Act. p. D563

IMPORT DUTIES ON CERTAIN COARSE WOOL

JUNE 16, 1960.—Ordered to be printed

Mr. MILLS, from the committee of conference, submitted the following—

CONFERENCE REPORT

[To accompany H.R. 9322]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2 and from its amendment to the title of the bill.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
J. ALLEN FREAR, Jr.,
FRANK CARLSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as passed by the House would make permanent the existing suspension of import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products, would add papermakers' felts to such list of products, and would provide that the standards for determining grades of wools are to be those established from time to time by the Secretary of Agriculture pursuant to law.

The Senate amendments to the text of the bill would limit the suspension of duties to the period ending June 30, 1963. The Senate amendment to the title of the bill conformed the title to the action of the Senate with respect to the text of the bill.

Under the conference agreement the suspension of duties is made permanent. The Senate recedes.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, SECOND SESSION

Vol. 106

WASHINGTON, THURSDAY, JUNE 16, 1960

No. 110

House of Representatives

The House met at 12 o'clock noon.

The Reverend William Coley Roeger, S.T.M., pastor of St. James' Evangelical Lutheran Church, Chalfont, Pa., offered the following prayer:

Almighty God, our Heavenly Father, Who art truly our mighty fortress and a bulwark that never faileth, we give thanks unto Thee for Thy goodness vouchsafed to Thy children in this fair land. We praise Thee for the precious heritage of liberty which is ours, and we beseech Thee that we may be found worthy of Thy trust in us. Give to the leaders of our Nation true love of liberty, a zeal for righteousness, and courage to choose the hard right rather than the easy wrong. Kindle in them a determination to lead our Nation and the world to peace with honor and justice, and in all their deliberations guide them by Thy most Gracious Spirit; through Jesus Christ Thy Son our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which concurrence of the House is requested:

S.J. Res. 170. Joint resolution to authorize the participation in an international convention of representative citizens from the North Atlantic Treaty nations to examine how greater political and economic cooperation among their peoples may be promoted, to provide for the appointment of U.S. delegates to such convention, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12117) entitled "An act making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1961, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 4 and 6 to the foregoing bill.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

IMPORT DUTIES ON CERTAIN COARSE WOOL

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool:

CONFERENCE REPORT (H. REPT. NO. 1883)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2 and from its amendment to the title of the bill.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
J. ALLEN FREAR, Jr.,
FRANK CARLSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as passed by the House would make permanent the existing suspension of import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products, would add papermakers' felts to such list of products, and would provide that the standards for determining grades of wools are to

be those established from time to time by the Secretary of Agriculture pursuant to law.

The Senate amendments to the text of the bill would limit the suspension of duties to the period ending June 30, 1963. The Senate amendment to the title of the bill conformed the title to the action of the Senate with respect to the text of the bill.

Under the conference agreement the suspension of duties is made permanent. The Senate recedes.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.

TEMPORARY SUSPENSION OF DUTY ON PERSONAL AND HOUSEHOLD EFFECTS BROUGHT INTO UNITED STATES UNDER GOVERNMENT ORDERS

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 9881) to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders:

CONFERENCE REPORT (H. REPT. NO. 1885)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9881) to extend for two years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment to the text of the bill and from its amendment to the title of the bill.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
J. ALLEN FREAR, Jr.,
FRANK CARLSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of

the two Houses on the amendment of the Senate to the bill (H.R. 9881) to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as passed by both the House and the Senate provides for a 2-year extension (until July 1, 1962) of the existing provisions of law (the act of June 27, 1942, as amended) relating to the free importation of personal and household effects brought into the United States under Government orders.

The Senate amendment added a new section to the bill. Under this provision, the exemption from duties provided by the act of June 27, 1942, for a person or members of his family would be applied to articles up to but not exceeding in aggregate value \$5,000, and would not be allowed in the case of an assignment of less than 6 months. Under the conference agreement, the Senate recedes.

As a result of the conference action, the bill provides for a 2-year extension of the duty-suspension privilege provided by existing law. It was the understanding and intention of the conferees, however, that during this 2-year extension period the departments and agencies charged with the responsibility of administering and policing this law will so administer it as to safeguard against any possible abuses of the duty-suspension privilege and will, if necessary, issue appropriate regulations to insure stricter administration of the law. It is also the understanding and intention of the conferees that all such departments and agencies will submit information to the Committee on Ways and Means and the Committee on Finance, not later than January 15, 1962, with respect to the operation and administration of the law, including a statement of actions taken to improve its administration and recommendations for any statutory changes or limitations which may be necessary in order to effect adequate safeguards against abuses.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.

SUSPENSION OF IMPORT DUTIES ON CERTAIN SHOE LATHES AND CASEIN

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 9862) to continue for 2 years the existing extension of duties on certain lathes used for shoe last roughing or for shoe last finishing:

CONFERENCE REPORT (H. REPT. No. 1884)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9862) to continue for two years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 2. (a) The Act entitled "An Act to amend the Tariff Act of 1930 to provide for the temporary free importation of casein", approved September 2, 1957 (71 Stat. 579; 19 U.S.C. 1001, par. 19 note), as amended by Public Law 86-405, approved April 4, 1960, is amended by striking out 'July 1, 1960' and inserting in lieu thereof 'June 30, 1963'.

"(b) Effective with respect to imports entered for consumption or withdrawn from warehouse for consumption after the expiration of thirty days following the date of enactment of this Act such Act is further amended by inserting before the period at the end thereof a semicolon and the following: 'except that such suspension of duty shall not apply with respect to sodium caseinate, sodium phospho-caseinate, or other caseinates, any of the foregoing of which casein or lactarene is the component material of chief value, subject to such regulations as the Secretary of the Treasury shall prescribe'."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
J. ALLEN FREAR, Jr.
FRANK CARLSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9862) to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as passed by both the House and the Senate provides a 2-year extension (until August 7, 1962) of the existing suspension of duties on copying lathes used for making rough or finished shoe lasts from models of shoe lasts and capable of producing more than one size shoe last from a single size model of a shoe last.

The Senate amendment to the text of the bill added a new section 2 to the bill. Subsection (a) of the new section 2 continues (subject to the limitation contained in the new section 2(b)) until the close of June 30, 1963, the existing suspension of duty on casein and lactarene. Under subsection (b) of the new section 2 as passed by the Senate, the suspension of duty would not apply to casein imported for use for human food or for conversion to such use. This limitation applied, subject to such regulations as the Secretary of the Treasury shall prescribe, to imports entered for consumption or withdrawn from warehouse for consumption after the expiration of 30 days following the date of the enactment of the bill.

Under the conference agreement section 2(a) as passed by the Senate is retained. Under the conference agreement, however, section 2(b) provides (as a substitute for the limitation in section 2(b) as passed by the Senate) that the suspension of duty is not to apply with respect to sodium caseinate, sodium phosphocaseinate, or other caseinates, any of the foregoing of which casein or lactarene is the component material of chief value.

The Senate amendment to the title of the bill conformed the title to the Senate action in adding the new section 2. The House recedes.

W. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
N. M. MASON,
JOHN BYRNES,

Managers on the Part of the House.

COMMITTEE ON BANKING AND CURRENCY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight Saturday night to file a report on the bill H.R. 12603.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

NATIONAL WOOL MONTH

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H.J. Res. 696) to provide for the designation of the month of September 1960, as "National Wool Month."

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the joint resolution, as follows:

Whereas September 1960 marks the two hundredth anniversary of the recognition of wool production and wool manufacture in the United States as an industry; and

Whereas from its humble beginning in the homes and on the farms of the colonists in the early 1600's, the American wool growing and textile industry has become an integral part of our national economy and one of our great industries with millions of citizens directly, or indirectly, dependent upon it, and representing more than \$5,000,000,000 a year in the retail value of its products; and

Whereas its nationwide scope is evidenced in that over three thousand of the three thousand and sixty-eight counties in the United States are involved in one or more wool production or textile operations, with wool grown in every State of the Union, including Alaska and Hawaii; and

Whereas this great industry has been and is now facing severe competition from various sources, and is fighting in every way to preserve wool growing and wool manufacturing in the United States, it is most fitting that national recognition and support be given the wool industry: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the month of September 1960 as "National Wool Month", and calling upon the people of the United States to observe such month with appropriate activities and ceremonies.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

(Mr. McCORMACK asked and was given permission to extend his remarks at this point in the RECORD.)

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

CONTENTS

Issued June 20, 1960
For actions of June 17 and
June 18, 1960

86th-2d, Nos. 111 and 112

Acreage allotments.....	21		
Adjournment.....	18,45		
Administrative orders...	30		
Alaska railroads.....	17		
Annuities.....	23		
Appropriations..	2,10,17,39		
Area redevelopment.....	52		
Botanic garden.....	36		
Casein.....	4		
Contracts.....	34		
Cotton.....	19		
Iry price supports....	20		
Defense production.....	32		
Desert lands.....	31		
Farm labor.....	7,17,49		
Farm loans.....	33		
Farm program....	9,15,17,51		
Flood control.....	3		
Food additives.....	17,30		
Foreign aid.....	10		
Fruits and nuts.....	14		
Government orders.....	4		
Grain storage.....	48		
Household quarters.....	23		
Housing.....	40		
Humane slaughter.....	54		
Imports.....	4,14		
odus River Basin.....	10		
Information.....	27,50		
Organizations.....	8		
Land grant colleges.....	37		
Lands.....	13,31,38		
Legislative program.....	17		
Life insurance.....	6		
Livestock.....	54		
Marketing.....	16		
Minerals.....	29		
Motor carriers.....	17		
Mutual security.....	10		
Oceanographic research.....	23		
Pay raise.....	1		
Personnel..	1,6,12,23,46,56		
Pesticides.....	22		
Point Four Youth Corps..	10		
Postal rates.....	25		
Property.....	17		
Public debt.....	5,44		
Public Law 480.....	57		
Public works.....	47		
Publications.....	42		
Reports.....	41		
Research.....	28,55		
Small business.....	16,43		
Social security.....	53		
Supplemental appropriations.....	17		
Taxation.....	5,44		
Technical cooperation...	10		
Transportation.....	11,26		
Travel costs.....	23		
Vehicles.....	35		
Watersheds.....	24		
Wheat.....	15,22		
Wool.....	4		

HIGHLIGHTS: Senate passed: Federal pay bill; Labor-Hew appropriation bill; omnibus flood control bill. Senate committee reported general Government matters and independent offices appropriation bills. House Rules Committee cleared Poage farm bill. House passed mutual security appropriation bill. (Highlights continued on page 7.)

SENATE - June 17

- FEDERAL PAY BILL.** Passed, 62-17, this bill, H. R. 9883, without amendment. The bill will now be sent to the President. pp. 12053-4, 12062-101
Rejected the following amendments:
By Sen. Carlson, 28-54, to provide for an increase averaging 6% rather than 7½% for classified employees. pp. 12063-71
By Sen. Ellender, 19-63, to limit increases to employees whose salary is not over \$10,000. pp. 12071-8
By Sen. Ellender, 23-58, to eliminate legislative employees from the bill. pp. 12078-82
By Sen. Church, to confine the bill to postal workers, 22-58. pp. 12082-8
By Sen. Dirksen, 11-70, to authorize the President to adjust pay to make it comparable to that in private enterprise. pp. 12088-97

Rejected, 21-56, a motion by Rep. Ervin to recommit the bill with instructions to report it back in separate bills for (1) postal and (2) other employees. pp. 12097-101

As passed, the bill includes provisions as follows: Provides for a general increase of $7\frac{1}{2}\%$ in the pay for Government employees. Increases salaries of the chief legal officers of departments from \$19,000 to \$20,000. Establishes the position of Administrative Assistant Secretary in HEW. Provides 5 additional supergrades in ICC.

Labor-HEW appropriation

2. APPROPRIATIONS. Passed, 63-6, with amendments the/ bill, H. R. 11390. Senate conferees were appointed. pp. 12177, 12224, 12230-43

The Appropriations Committee reported with amendments H. R. 11389, the general Government matters appropriation bill (S. Rept. 1610), and H. R. 11776, the independent offices appropriation bill (S. Rept. 1611). p. 12045

3. FLOOD CONTROL. Passed, 70-5, with amendments H. R. 7634, the omnibus flood control and rivers and harbors bill (pp. 12177-224). A letter from Assistant Secretary Peterson to Sen. Bush, comparing distribution of approved installation cost for flood prevention measures with that proposed in the Uniform Cost-Sharing Act, was inserted in the Record. (pp. 12218-222). Senate conferees were appointed (p. 12224).

4. IMPORTS. Agreed to conference reports on the following bills: H. R. 9881, to ~~extend the existing law relating to free importation of personal and household effects brought into the U. S. under Government orders~~ (p. 12225). H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool (pp. 12225-6). H. R. 9862, to continue for 2 years the existing suspension of duties on certain lathes used for shoe-last roughing or for shoe-last finishing and for 3 years on casein (pp. 12226-30).

5. PUBLIC DEBT; TAXATION. Began debate on H. R. 12381, to extend for 1 year the public debt limit and the existing corporate normal-tax rate and certain excise-tax rates. pp. 12243-50

6. LIFE INSURANCE. The Post Office and Civil Service Committee reported without amendment S. 3421, to amend the Federal Employees' Group Life Insurance Act so as to provide authority for the Commission to determine claimants if no claim is filed (S. Rept. 1609). p. 12045

7. FARM LABOR. The names of Sens. Humphrey, Hart, Douglas, McNamara, Murray, Dodd, Proxmire, Clarke, and Young of Ohio were added as cosponsors of S. 3666, to extend the Mexican farm labor program for 2 years and to amend it to provide certain safeguards for the protection of domestic agricultural workers. pp. 12051, 12252

8. INTERNATIONAL ORGANIZATIONS. Both Houses received from the State Department a report on U. S. contributions to international organizations for the fiscal year 1959. pp. 12043, 12175

HOUSE - JUNE 17

9. FARM PROGRAM. The Rules Committee reported a resolution for consideration of H. R. 12261, the Poage farm bill to modify market adjustment and price support programs for wheat and feed grains and to provide a high-protein food distribution program. p. 12159

10. MUTUAL SECURITY APPROPRIATION BILL, 1961. By a vote of 258 to 154, passed with amendments this bill, H. R. 12619. pp. 12102-59, 12170-1

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I assume that it is the intention of the majority leader to conclude action on the appropriation bill for the Departments of Labor, and Health, Education, and Welfare, which is the business of tonight. I would like to ask him whether he has any observations with respect to Senate business for tomorrow.

Mr. JOHNSON of Texas. First, the Senator from Utah [Mr. BENNETT] wishes to present two or three conference reports. Then we shall resume consideration of the appropriation bill for the Departments of Labor, and Health, Education, and Welfare, which we hope to conclude this evening.

I should like to plan to have the Senate convene tomorrow morning at 10 o'clock at which time it is planned to proceed to consider the debt ceiling bill and the tax extension bill.

Mr. DIRKSEN. Mr. President, is the Senate to infer from that statement that the debt ceiling and tax extension bills will be the order of business tomorrow?

Mr. JOHNSON of Texas. No; I cannot tell about that at this time.

Mr. THURMOND. Mr. President, I cannot hear the Senator from Texas.

Mr. JOHNSON of Texas. The Senator from Illinois asked if he could infer from what I said that in the morning the Senate will consider the debt ceiling bill and the excise tax bill and that they will be the order of business tomorrow. I told him I could not tell him at this time.

Mr. DIRKSEN. Other than that, I wonder if the Senate can be advised what other measures may come up tomorrow.

Mr. JOHNSON of Texas. I do not know, until we decide on the tax measure. The Senator from Illinois is fully aware of my problems in that connection, and I trust he will not embarrass me more than I am already embarrassed.

Mr. DIRKSEN. I trust I have not embarrassed the distinguished Senator.

Mr. JOHNSON of Texas. No. But I am embarrassed in not being in a position to tell the Senator as to what we intend to schedule tomorrow. I cannot definitely tell him at this moment whether the bill to which he referred will be scheduled, but during consideration of the appropriation bill for the Departments of Labor, and Health, Education, and Welfare, and before the yeas-and-nays vote on that bill, I shall be able to do so. I assume there will be time between now and the rollcall vote to make the desired announcement.

Mr. DIRKSEN. I am sure the majority leader knows that my questions are never designed to embarrass him. Senators, of course, would like to know what the order of business is for the remainder of the day and what may be anticipated for tomorrow. I appreciate the difficulties involved in setting the schedule, but I am quite satisfied with the answer at the moment, because I am sure that later in the evening there will be some clarification.

TEMPORARY SUSPENSION OF DUTY ON CERTAIN EFFECTS BROUGHT INTO THE UNITED STATES UNDER GOVERNMENT ORDERS—CONFERENCE REPORT

Mr. BENNETT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9881) to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of June 16, 1960, p. 11845, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BENNETT. Mr. President, the bill H.R. 9881 provides for a 2-year extension of the present law permitting the free importation of personal and household effects brought into the United States by citizens and returning from foreign assignments under Government orders.

The Finance Committee proposed an amendment which was accepted by the Senate to limit the value of such goods and to require that the assignment in each case be for a minimum period.

The amendment was adopted primarily to prevent excessive amounts from being brought in free of duty and it was felt that the limitation as to value and time would correct this possibility.

The House conferees pointed out a number of administrative problems and to several other statutes permitting the free importation of household and personal effects that the amendment might appear to modify or be in conflict with.

The House stood firm in its opposition to the amendment but joined with the Senate conferees in admonishing the departments and agencies affected that very close checks should be kept on the use of this privilege during the 2 years of the extension and that abuses or the importation of unreasonable amounts by individuals might cause changes in the law next time it comes up for renewal. The agencies are to file a report not later than January 15, 1962, with respect to the operation of the law. On this basis the conferees agreed to recede and I hope the conference report will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HARTKE. Mr. President, I do not intend to object to the receding on the part of the Senate conferees, but I would like to point out briefly that the views of the Senate were supposed to be represented by the conferees appointed

by the Senate, and among the Senate conferees there was not one single member who voted for the Senate views as presented on a rollcall vote in the Senate.

I feel that this is a violation of Senate procedure, which requires that the conferees should represent the view of the Senate. However, in view of the lateness of the hour, I do not intend to insist upon any further consideration. I think that procedure involves a violation of the rule, and that in the future consideration should be given to the conferees representing the views of the Senate and not just merely the views of those Senators who oppose the amendment.

Mr. BENNETT. Mr. President, I appreciate the attitude of my friend from Indiana, but I think he is referring to another conference report. The one we have been discussing is the conference report on H.R. 9881, which relates to the free importation of personal and household effects brought into the United States under Government orders. I doubt that there was a yeas-and-nays vote on that bill.

Mr. HARTKE. I apologize to the Senator.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. ANDERSON. Did the Senate conferees surrender the position of the Senate completely?

Mr. BENNETT. The Senate receded with an agreement.

Mr. ANDERSON. Did it surrender its position completely?

Mr. BENNETT. The Senate conferees surrendered their position with an agreement that the agencies should make a report by January 1, 1962, as to what they had done to step up their checks on possible abuse of this privilege.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

SUSPENSION OF DUTIES ON CERTAIN COARSE WOOL—CONFERENCE REPORT

Mr. BENNETT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of June 16, 1960, p. 11845, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BENNETT. Mr. President, the House adopted H.R. 9322 which would make permanent the present temporary suspension of duties on certain coarse wools to be used in the manufacture of rugs, carpets, and so forth. The suspension was first adopted by law in 1957, for a period of 3 years.

The Senate amended the bill to provide for another 3-year extension and the House demanded a conference.

The reason that the Finance Committee originally recommended and the Senate adopted the 3-year extension was that one or two groups of wool producers had not satisfied themselves that there was not some risk in the permanent suspension. There was the thought that some day the domestic production of coarse wools might be interfered with by the importation of such wools.

In the conference it was pointed out that the finer wools are much more valuable than the coarse wools and it is the ambition of all sheepowners to improve their wools. It is most unlikely that the production of coarse wools will increase. The groups who originally had some apprehension about the duty suspension withdrew any objections and reservations. The House conferees were united in their stand that the permanent provision be retained and the Senate conferees receded. We shall, however, watch the operation of the measure, if it becomes law, and should any effect not now foreseeable occur in the future, the situation can be brought to the attention of the Senate.

I move that the conference report be adopted.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

SUSPENSION OF IMPORT DUTIES ON CERTAIN SHOE LATHES AND CASEIN—CONFERENCE REPORT

Mr. BENNETT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9862) to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 16, 1960, p. 11846, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BENNETT. Mr. President, as the Senate will recall, the original bill to extend for 3 years the exemption from duties applying to casein was adopted by the House without opposition and sent to the Senate.

Prior to Senate passage, but after the Finance Committee had reported the

bill, some opposition arose and the Finance Committee agreed to hold hearings. In the meantime, the expiration date ending the earlier suspension was very near, and, in order to provide for hearings, the Senate amended the bill to provide for an additional 90-day period to prevent the suspension from lapsing.

This meant, of course, that the original bill had passed both Houses and was no longer before us.

After hearings and executive action by the committee, the intent of the House, namely a 3-year extension of the suspension of duties, was reported by the Finance Committee in the form of an amendment to another House-passed bill, H.R. 9862. On the floor of the Senate an amendment was added which would prevent the duty suspension from applying to casein "imported for use for human food or for conversion to such use." The House demanded a conference.

Out of that conference came a compromise that seems not only fair but more easily administered.

The House conferees accepted the 3-year period of the suspension of duties adopted by the Senate, and also passed by the House on the earlier bill.

With regard to the Senate amendment concerning casein to be used for food, the House conferees stood firm in opposition. A compromise was worked out providing that the suspension of duty shall not apply "with respect to sodium caseinate, sodium phospho-caseinate, or other caseinates, any of the foregoing of which casein or lactarene is the component material of chief value."

Now practically all casein is theoretically edible, but it is not generally eaten until processed and made up in powdered form which is designated as "caseinate". Wheat is edible, but we grind it and process it before it is eaten. So it is with casein.

There is practically no domestic production of casein as such, although one plant makes caseinates from milk. Imported casein is used in other plants to make caseinates and caseinates themselves are imported in large quantities so that the plants that make caseinates from imported casein would be forced to close if the casein they use cannot be purchased at a price sufficiently below the price of imported caseinates. In other words, our imports of casein which would eventually be made into the consumable caseinate, would be replaced by the imports of the caseinate ready to be consumed. These caseinates already have acquired more than 50 percent of the domestic market and could increase tremendously. They may do so even under the provision which is now in the bill and which was approved by the conference, namely to retain the statutory duty of 2¾ cents, because of much lower foreign conversion costs.

The conferees could not put any higher duty on caseinates because no such figure was in conference. It could only carry out what seemed to be the real intent of the original amendment—to protect the domestic milk industry and the domestic plants employing do-

mestic labor in the production of the real edible form of casein.

I hope the conference report will be adopted.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. HARTKE. I should like to ask the Senator whether he does not understand that the conference report does not protect the milk industry, and that the conferees on the part of the Senate did not number among them any Senator who had voted for the amendment on the floor of the Senate?

Mr. BENNETT. The Senator from Utah feels—and he was one of the conferees—that the report carries out the principle of protecting the domestic milk industry just as effectively as if the original language had been left in the bill, because the real competition in the domestic industry is not from the manufacturers who transform casein into caseinates; it is from the foreign manufacturer who ships caseinates into the United States in the finished and consumable form. These foreign manufacturers have already captured between 50 and 60 percent of the domestic market, leaving less than 50 percent to the American manufacturer of caseinate. In its original form I believe the bill would have had the effect, perhaps, of protecting one producer of caseinate, who produced it directly from milk without going through the casein process, but it would have left the door open for the importation from Europe of finished caseinate. On that basis I doubt that the American manufacturer would have had the protection he sought. As it is now, foreign caseinates can come into the country and undersell domestic production by 3 or 4 cents. Perhaps the duty of 2¾ cents is not sufficient, but I think in view of the actual situation involved in the matter the committee gave equal protection to the domestic industry compared to that which was offered by the bill. It does have the advantage that caseinate can be readily identified by customs, whereas casein, whether it is edible or inedible, would be very difficult to detect.

Mr. HARTKE. I should like to ask the Senator if it is not true that none of the conferees representing the Senate's position voted for the amendment.

Mr. BENNETT. I am sure that the Senator from Utah did not vote for it. I cannot be categorically sure about the other conferees.

Mr. HARTKE. Is it not true that the Senator from Utah, representing the Senate on the conference, in fact opposed the amendment which was presented on the floor of the Senate and spoke against the amendment and voted against the amendment?

Mr. BENNETT. That is true.

Mr. HARTKE. He was selected by the Senate as a conferee to insist under instructions from the Senate, on the Senate amendment. Is that correct?

Mr. BENNETT. That is true. I believe the Senator from Utah as one of conferees did a good job of preserving the real meaning of the Senate amendment. I do not believe it is a complete abandonment.

of suitable color additives in or on food, drugs, and cosmetics in accordance with regulations prescribing the conditions under which such additives may be safely used (pp. 13298-322). This action was subsequently vacated by the passage of S. 2197, the Senate bill, amended to contain the language of the House bill as amended, and the House bill was laid on the table (pp. 13322-8). The amendments made on the floor were technical amendments. p. 13302

45. WHEAT. Rep. Dixon criticized members of the House Agriculture Committee as being responsible for failure of the House to pass wheat legislation, stating that the Senate wheat bill was a superior bill and should have been acted on rather than the Poage bill. pp. 13343-4
46. WOOL. Agreed to the conference report on H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool (p. 13271). This bill will now be sent to the President.
47. CASEIN. Agreed to the conference report on H. R. 9862, to extend until June 30, 1963, the temporary suspension of duties on imported casein (p. 13272). This bill will now be sent to the President.
48. VETERANS' BENEFIT. The Rules Committee reported a closed rule for consideration of H. R. 7903, to extend the veterans' guaranteed and direct loan programs for 2 years. p. 13347
49. PERSONNEL. Agreed to the conference report on H. R. 9881, to extend until July 1, 1962, the temporary suspension of duty on personal and household effects brought into the U. S. under Government orders (p. 13271-2). This bill will now be sent to the President.

Passed as reported S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act. pp. 13270-1

The Rules Committee reported an open rule for the consideration of H. R. 12383, to amend the Federal Employees' Compensation Act to make benefits more realistic in terms of present wage rates. p. 13347
50. MINERALS. Disagreed to the Senate amendments to H. R. 10455, to amend the Mineral Leasing Act of Feb. 25, 1920, and conferees were appointed (p. 13281). Senate conferees have been appointed.

Began debate on H. R. 8860, to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other lands (pp. 13282-98). On an objection by Rep. Kyl, the final vote on passage was deferred until Mon., June 27.
51. INDEPENDENT OFFICES APPROPRIATION BILL, 1961. Disagreed to Senate amendments to this bill, H. R. 11776, and conferees were appointed (p. 13281). Senate conferees have been appointed.
52. PUBLIC DEBT. Received the conference report on H. R. 12381, to extend for 1 year the public debt limit and the existing corporate normal-tax rate and certain excise-tax rates (H. Rept. 2005). pp. 13344-6
53. FOREIGN AFFAIRS. The Rules Committee reported an open rule for consideration of H. R. 11001, to provide for the participation of the U. S. in the International Development Association. p. 13347
54. ADJOURNED until Mon., June 27. p. 13347

ITEMS IN APPENDIX

55. FOOD PRICES. Extension of remarks of Rep. Quie inserting an article, "You Can't Blame Farmers for High Food Prices." p. A5453
56. EXPENDITURES; BUDGET. Extension of remarks of Rep. Taber inserting a letter from the Director of the Budget "showing that the new and unnecessary appropriations pending for back door expenditures would if passed exceed the budget by over \$10 billion." pp. A5467-8
57. FOOD FOR PEACE. Extension of remarks of Sen. Keating inserting an editorial expressing support for Vice President Nixon's food-for-peace proposal. p. A5479
Rep. Curtis, Mo., inserted an article, "Where Mr. Nixon Stands." pp. A5487-8
58. FARM LABOR. Sen. Javits inserted a New York City church resolution favoring the enactment of legislation relating to aid to migrant workers and their children. p. A5480
Rep. Gubser inserted an editorial, "The Bracero Story -- Growers Tell Their Side." pp. A5490-1
59. ITEM VETO. Rep. Schwengel inserted two editorials favoring item veto authority for the President. p. A5491
60. FARM PROGRAM. Extension of remarks of Rep. Ullman inserting an article, "Agricultural Abundance An Asset," and stating that it "highlights an aspect of our farm program that is rendering a real service to America and the world." pp. A5456-7
Extension of remarks of Rep. Levering stating that "I believe it is most regrettable that the House failed to approve farm legislation ..." and that "with all the imperfections which it contained, the legislation voted down was at least a step in the right direction ..." pp. A5457-8
Extension of remarks of Rep. Berry discussing the failure of passage of the wheat bill and stating that "American agriculture is sick, not because of American agricultural overproduction, but because of oversupply, and that over supply has resulted and will continue to result from excessive imports." pp. A5458-60
Rep. Bonner inserted the statement of a Future Farmer of America about the modern farmer. p. A5473
Reps. Rees and Dorn inserted a statement of the American National Cattlemen's Association to be submitted to the platform committees of the Republican and Democratic Parties in their July conventions. pp. A5498-9, A5515
Extension of remarks of Rep. Hoeven stating that "the failure of the House of Representatives to accept the Senate wheat bill fixes the responsibility on the shoulders of the Democratic Members of the House," and inserting an article, "Failure on Wheat." pp. A5499-500
Extension of remarks of Rep. Pillion inserting the tabulated results of replies to his questionnaire, including four questions on agricultural problems. p. A5509
61. TERRITORIES AND POSSESSIONS. Extension of remarks of Rep. Saylor urging Congress to begin thinking about advancing those "few small islands ... left in a non-self-governing status ... to full self-government," and insertion of a report making recommendations on how this might be accomplished. pp. A5500-2

which the employee or Member elects to eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death."

SEC. 2. The amendment made by this Act shall be effective only with respect to employees or Members separated from the service after the date of enactment of this Act.

SEC. 3. Notwithstanding any other provision of law, refunds authorized by the amendment made by this Act shall be paid from the civil service retirement and disability fund.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That (a) section 11 of the Civil Service Retirement Act (5 U.S.C. 2261) is amended by adding at the end thereof a new subsection as follows:

"(h) Any amounts deducted and withheld from the basic salary of an employee or Member from the first day of the first month which begins after he shall have performed sufficient service (exclusive of any service which the employee or Member elects to eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death, shall be applied toward any deposit due under section 4, and any balance not so required shall be deemed to be a voluntary contribution for the purposes of section 12."

"(b) The amendment made by subsection (a) of this section shall be effective only with respect to employees or Members separated from the service after the date of enactment of this Act.

"SEC. 2. (a) Section 8(b) of the Civil Service Retirement Act (5 U.S.C. 2258(b)) is amended by adding at the end thereof the following new sentence: 'Any Member who is separated from the service after completing twenty or more years of service (including ten or more years of Member service) may be paid a reduced annuity beginning at the age of fifty years, computed as provided in section 9'.

"(b) Section 9(d) of the Civil Service Retirement Act (5 U.S.C. 2259(d)) is amended by inserting, immediately following 'section 6(f)', the following: 'or the third sentence of section 8(b)'.

"SEC. 3. (a) Section 13(b) of the Civil Service Retirement Act (5 U.S.C. 2263(b)) is amended by adding at the end thereof the following sentence: 'Any such annuitant whose described employment continues for at least five years may elect, in lieu of the benefit authorized by the proviso herein, to have his rights redetermined under the provisions of this Act upon deposit in the fund of an amount computed under section 4(c) covering such employment.'

"(b) The third sentence of section 6(f) of the Civil Service Retirement Act (5 U.S.C. 2256(f)) is amended by striking out 'and completes twenty years of service' and inserting in lieu thereof 'and (1) completes twenty years of service or (2) shall have served in nine Congresses'.

"SEC. 4. (a) Section 603(d)(1)(B) of the Legislative Reorganization Act of 1946, as amended (5 U.S.C. 724) is hereby amended by striking out 'November 4, 1952' and inserting in lieu thereof 'February 29, 1948'.

"(b) No annuity shall be payable by reason of the amendment made by subsection (a) of this section for any period prior to the first day of the month in which this Act is enacted.

"SEC. 5. Notwithstanding any other provision of law, benefits under the Civil Service Retirement Act resulting from the enactment of this Act shall be paid from the civil service retirement and disability fund."

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to amend the Civil Service Retirement Act so as to provide for disposition of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act, and for other purposes."

A motion to reconsider was laid on the table.

IMPORT DUTIES ON CERTAIN COARSE WOOL

Mr. FORAND. Mr. Speaker, I call up the conference report on the bill (H.R. 9322) to make permanent the existing suspension of duties on coarse wool, and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 16, 1960.)

Mr. FORAND. Mr. Speaker, as passed by the House the bill, H.R. 9322, would make permanent the existing suspension of duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products, would add papermakers' felts to such list of products, and would provide that the standards for determining grades of wools are to be those established from time to time by the Secretary of Agriculture pursuant to law.

The Senate amendment would have limited the suspension of duties under the bill to the period ending June 30, 1963. In conference, the House version prevailed and the Senate receded, so that under the conference agreement the suspension of duties is made permanent.

Mr. BYRNES of Wisconsin. Mr. Speaker, the House approved version of H.R. 9322 provided for a permanent suspension of import duties on certain coarse wools brought into the United States under bond. The types of wools on which the duty would be suspended are those of a grade that are used in the manufacture of rugs and carpets, in the manufacture of papermakers' felts, and in the manufacture of certain other products. The House bill also authorized the Secretary of Agriculture to establish modern standards for determining grades of wool.

During the Senate committee consideration of the bill an amendment was approved changing the period of the suspension from a permanent suspension to a suspension of a duration of 3 years until the close of June 30, 1963. In the House-Senate conference on the bill the Senate agreed to the House version so

that the conference report now before the House will provide for the provisions as I have briefly described them in connection with outlining the earlier House action.

I have joined in urging my colleagues to support the adoption of the conference report.

Mr. FORAND. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. BYRNES] and I have permission to extend our remarks in the RECORD prior to action on each of the conference reports I shall call up today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from West Virginia.

Mr. BAILEY. Mr. Speaker, I asked some pertinent questions on this bill when it passed the House some 2 months ago. I was satisfied sufficiently not to raise an objection; but I find that this is a permanent extension, not of the Reciprocal Trade Agreements Act but a permanent extension of the basic Smoot-Hawley Act. I should like to ask the gentleman from Rhode Island, who is a member of the Committee on Ways and Means, this question. Two years ago this past February, the Federal Power Commission entered an order in the nature of a certificate of convenience permitting certain Canadian gas interests, with American capital, operating in Canada, to have the privilege of constructing an 18-inch gasline to Butte, Mont., for the purpose of supplying the Anaconda Copper Mills with fuel. The next day after the Federal Power Commission ruling, I introduced a bill, declaring natural gas to be a liquid fuel subject to import duty. That bill went to the Committee on Ways and Means. I have been unable to get any action by the Committee on Ways and Means in either the 85th or the 86th Congresses. I reintroduced the bill in this session of Congress. I have received not even a promise that a hearing would be held. Let me say further, Mr. Speaker, that under the terms of the reciprocal trade agreement we have with Canada, every ton of coal produced in the State of West Virginia or any other State that ships into Canada has to pay 50 cents on each ton before we can offer the coal for sale. There are millions of cubic feet of liquid gas coming into this country today on the free list and yet I cannot get any action out of the Committee on Ways and Means to amend the basic tariff law. I resent this discrimination against one of our basic fuels.

I thank the gentleman for this time.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TEMPORARY SUSPENSION OF DUTY ON CERTAIN PERSONAL AND HOUSEHOLD EFFECTS

Mr. FORAND. Mr. Speaker, I call up the conference report on the bill (H.R. 9881) to extend for 2 years the existing

provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 16, 1960.)

Mr. FORAND. Mr. Speaker, as passed by the House the bill, H.R. 9881, would provide for a 2-year extension, to July 1, 1962, of the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders.

The Senate approved the 2-year extension of these provisions, but added a new section to the bill under which the exemption from duties would be applied, for a person or members of his family, up to but not exceeding in aggregate value \$5,000, and would not be allowed in the case of an assignment of less than 6 months.

Under the conference agreement, the House version prevailed and the Senate receded. However, as is stated in the statements of the managers, it is the understanding and intention of the conferees that during the 2-year extension period provided by the bill the departments and agencies charged with the responsibility of administering and policing the law will so administer it as to safeguard against any possible abuses of the duty-suspension privilege and will, if necessary, issue appropriate regulations to insure stricter administration of the law; and that such departments and agencies will submit information to the Committee on Ways and Means and the Committee on Finance, not later than January 15, 1962, with respect to the operation and administration of the law, including a statement of actions taken to improve its administration and recommendations for any statutory changes or limitations which may be necessary in order to effect adequate safeguards against abuses.

Mr. BYRNES of Wisconsin. Mr. Speaker, H.R. 9881 as passed by the House provided for a 2-year extension, through June 30, 1962, of the provisions of existing law relating to the free importation of personal and household effects brought into the United States under Government orders. At the time this legislation was under consideration in the House it was brought to the attention of the membership that this duty-free privilege is an important morale inducement to oversea service made necessary by the continued presence in many parts of the world of members of the Armed Forces of the United States.

The Senate adopted an amendment providing that the duty-free privilege would apply only to articles valued in aggregate at not more than \$5,000 and

would be allowed only when the foreign assignment involved was for 6 months or longer. During the House-Senate conference the Senate receded.

In taking this action the conferees made it clear that during the 2-year extension period provided under the bill the departments and agencies charged with the responsibility of administering the privilege will exercise diligence to safeguard against any possible abuses of the privilege and will issue any necessary regulations to insure stricter administration of the law. The conferees also expressed the intention that the departments and agencies concerned with the administration of this privilege will submit information to the Congress not later than January 15, 1962, with respect to the operation and administration of the law. Such reports will include a description of actions taken to improve the administration of this program as well as recommendations for any statutory changes or limitations which may be necessary to effect adequate safeguards against abuses.

Mr. Speaker, it is appropriate that the House membership should act to approve the conference report on H.R. 9881.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SUSPENSION OF IMPORT DUTIES ON CERTAIN SHOE LATHES AND CASEIN

Mr. FORAND. Mr. Speaker, I call up the conference report on the bill (H.R. 9862) to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 16, 1960.)

Mr. FORAND. Mr. Speaker, as passed by the House the bill (H.R. 9862) provided a 2-year extension, to August 7, 1962, of the existing suspension of duties on copying lathes used for making rough or finished shoe lasts from models of shoe lasts and capable of producing more than one size shoe last from a single size model of a shoe last.

The Senate approved the provisions of the House bill, but added a new section continuing for 3 years, to the close of June 30, 1963, the existing suspension of duty on casein and lactarene, subject to the limitation contained in subsection (b) of the new section that this suspension of duty would not apply to casein imported for use for human food or for conversion to such use, such limitation to apply, subject to such regulations as the Secretary of the Treasury might prescribe, to imports entered for consumption or withdrawn from warehouse for

consumption after the expiration of 30 days following the date of enactment of the bill.

Under the conference agreement, the new section providing a 3-year continuation of the suspension of duty on casein and lactarene is retained in the bill. However, under the conference agreement subsection (b) of the new section provides, as a substitute for the limitation contained in the Senate-passed version, that the suspension of duty is not to apply with respect to sodium caseinate, sodium phosphocaseinate, or other caseinates, any of the foregoing of which casein or lactarene is the component material of chief value.

Mr. BYRNES of Wisconsin. Mr. Speaker, the House-passed version of H.R. 9862 continued for a period of 2 years through August 6, 1962, the existing suspension of duties on certain lathes used in shoe manufacture.

The Senate added an amendment to this legislation continuing the temporary suspension of the duties on imported casein until the close of June 30, 1963.

It will be recalled that in 1957 the Congress adopted a provision providing for the free importation of casein from September 3, 1957, to the close of March 31, 1960. On August 10, 1959, the Committee on Ways and Means unanimously reported a bill, H.R. 7456, continuing this suspension for an additional 3 years. This legislation passed the House of Representatives under unanimous consent on August 18, 1959. On January 13, 1960, the Senate Committee on Finance approved this legislation as it passed the House. Subsequent to this action which took several months, opposition to the bill was first made known, and the Senate Finance Committee report on H.R. 9862 indicates that a request was made to the Senate Finance Committee to allow time for a hearing without causing the then existing suspension to lapse, a floor amendment was approved in the Senate to H.R. 7456 providing the continuation of the suspension from April 1, 1960, to June 30, 1960. Then the requested hearing was held and following the hearing the Finance Committee acted to add a casein amendment to the bill, H.R. 9862. It is the conference report on this bill that is now before the House.

The House-Senate conferees met on H.R. 9862 against a background of both the House and the Senate having given approval to 3-year suspensions of the duty on casein. In view of that legislative background the House conferees accepted the Senate amendment providing for the suspension of the duty on casein for 3 additional years through June 30, 1963.

It is appropriate for the House to accept the conference report on H.R. 9862.

The conference report was agreed to.

A motion to reconsider was laid on the table.

RESERVE COMMISSIONED OFFICERS OF THE ARMED FORCES

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill

Public Law 86-557
86th Congress, H. R. 9322
June 30, 1960

AN ACT

74 STAT. 263.

To make permanent the existing suspension of duties on certain coarse wool.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to provide for the temporary suspension of the import duties on certain coarse wool, and to provide additional time for the Tariff Commission to review the customs tariff schedules", approved May 19, 1958 (Public Law 85-418; 72 Stat. 120), is amended by striking out "during the period beginning on the sixtieth day after the date of the enactment of this Act and ending at the close of June 30, 1960" and inserting in lieu thereof "on or after the sixtieth day after the date of the enactment of this Act".

SEC. 2. (a) The first sentence of paragraph 1101(b) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b)) is amended by inserting "papermakers' felts," immediately after "press cloth,"

(b) The amendment made by subsection (a) shall be effective only with respect to wool or hair entered, or withdrawn from warehouse, for consumption, on or after the 30th day after the date of the enactment of this Act.

SEC. 3. Paragraph (5) of paragraph 1101(c) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(c)) is amended to read as follows:

"(5) the standards for determining grades of wools shall be those which are established from time to time by the Secretary of Agriculture pursuant to law and which are in effect on the date of importation of the wools."

Approved June 30, 1960.

